

Governor's Executive Budget

Fiscal Years 2002-2003

**Governor Marc Racicot
State of Montana
Volume 1**

OFFICE OF THE GOVERNOR

STATE OF MONTANA



MARC RACICOT
GOVERNOR

STATE CAPITOL
HELENA, MONTANA 59620-0801

November 15, 2000

Honorable President and Members of the Senate
Honorable Speaker and Members of the House

Honored Members of the Fifty-Seventh Legislative Assembly:

In accordance with Article VI, Section 9, of the Constitution of Montana, and Title 17, Chapter 7, part 1, Montana Code Annotated, I am transmitting to you my Executive Budget recommendations.

This budget sets forth a balanced financial plan for Montana state government for the 2003 biennium. In order to achieve this balance, hard choices were made regarding virtually every program in state government. I believe that this budget responsibility allocates available revenues to the highest priority programs.

I want to take this opportunity to acknowledge all the hard work, long hours and great effort that so many employees put forth in preparing the biennial budget, at both the agency level and the Office of Budget and Program Planning.

I wish the members of the Legislature well as you examine and work on this proposal.

Sincerely,

A handwritten signature in black ink, appearing to read "Marc Racicot".

MARC RACICOT
Governor

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OVERVIEW 2003 EXECUTIVE BUDGET

The goal of this executive budget is to present a balanced spending plan for state government which will allow the highest priority programs to be funded in a reasonable and responsible manner. Revenue estimates for the next biennium are presented on a conservative basis given the economic uncertainties. It is important to note that the revenue estimates do not include tax revenues associated with the proposed sale of Montana Power properties, possible revenues from the establishment of Foreign Capital Depositories, and additional expected federal reimbursements for Montana's wildfire activity. While not including the above referenced items, we are projecting an adequate ending general fund balance of \$44 million at the end of the 2003 biennium. In the preparation of the revenue estimates, we have worked closely with both the Department of Revenue and the Legislative Fiscal Division. We thank both agencies for their important contributions. Official revenue estimates will be adopted by the Revenue and Taxation Committee of the Montana Legislature. The estimates will be updated through the Legislative session, as more information becomes available.

We are proposing significant investments in needed areas. For example, Public Health and Human Services investments target expanded caseloads, provider rate increases and increasing the pool of children eligible for the Children's Health Insurance Program (CHIP), by increasing the upper limit to 175% of poverty. Additional investments in the Montana University System are intended to reduce the pressures to raise tuition. Teacher shortage and retention issues will receive an investment of \$2 million. We also continue the substantial investments in economic development activities which were approved in the May 2000 Special Legislative Session. Although we do not consider the above items one time investments, we are utilizing the excess general fund balance and their continuation may be dependent upon future growth in our economy.

The budget includes a revenue enhancer taking the form of an increase in cigarette and tobacco products taxes. We are proposing to increase these taxes to a level equal to the average of other states. The increase is being proposed for a variety of reasons. First, since our state is spending millions of dollars on the treatment of tobacco illnesses and millions on tobacco prevention and education, it seems contradictory to maintain one of the lowest taxes (12th) in the nation. A higher tax will be a deterrent to tobacco use, thus saving Montana substantial dollars into the future. Second, our Long-Range Building Program is funded with this source of revenue and the funds are used to maintain existing state and university buildings. To adequately address the list of maintenance projects, an enhancement of the revenue flow is necessary. Third, since a portion of this tax funds veteran's services, an enhancement was also required to maintain the level of service for our veterans. And fourth, this tax was last increased in 1989. A tax that is set on a unit basis (in this case, cents per item) should be increased periodically to account for the impact of inflation.

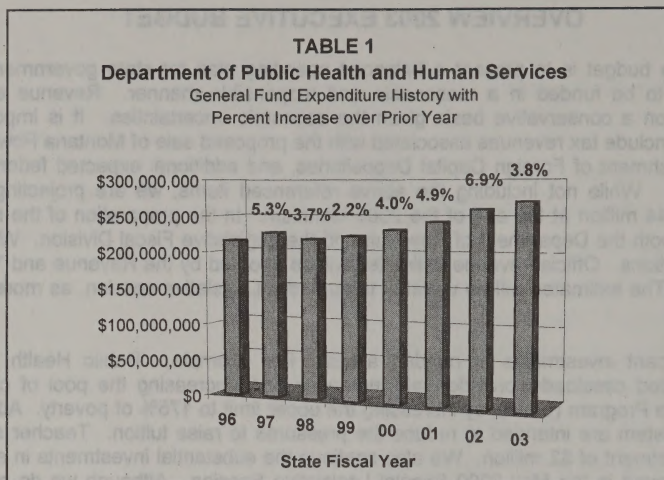
Major expenditure areas and the comparisons with prior years are presented below.

PUBLIC HEALTH AND HUMAN SERVICES

General Fund Expenditures:

The Department of Public Health and Human Services budget request includes \$533 million general fund to provide services to Montanans during the 2003 biennium. Primary increases in general fund provide for mental health services, foster care and subsidized adoptions services, increases to the Children's Health Insurance Program, disability services for those on the waiting list, provider rate increases, and increases in the Medicaid program.

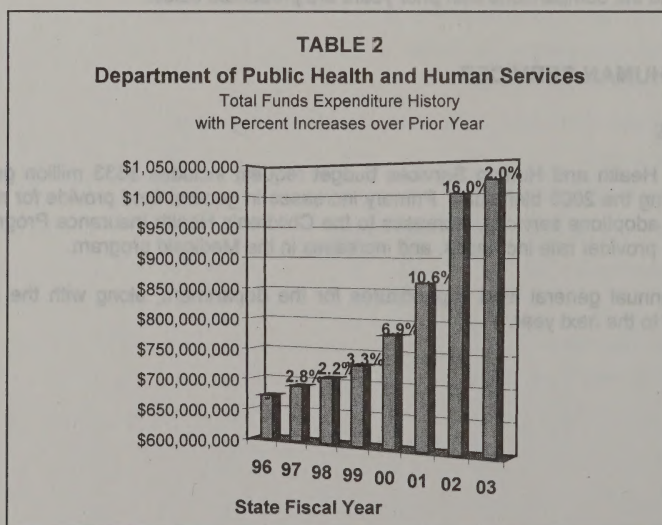
Below is a graph of the annual general fund expenditures for the department, along with the percentage change in general fund from one year to the next year.



Total Funds Expenditures:

The Department of Public Health and Human Services budget request includes \$2 billion in total funds during the 2003 biennium. Substantial increases in federal funds account for the majority of the growth. Federal funds increase in areas such as federal Medicaid match, Children's Health Insurance Program (CHIP) block grant balances, Temporary Assistance to Needy Families (TANF) block grant balances, accounting changes necessitating appropriation of \$102 million in food stamp funds, an increase in mental health program expenditures from federal funds, and ongoing federal matching funds annualizing program expenditures within the department.

Table 2 on the next page shows the annual total funds expenditures for department, along with the percentage change in total funds from one year to the next year.

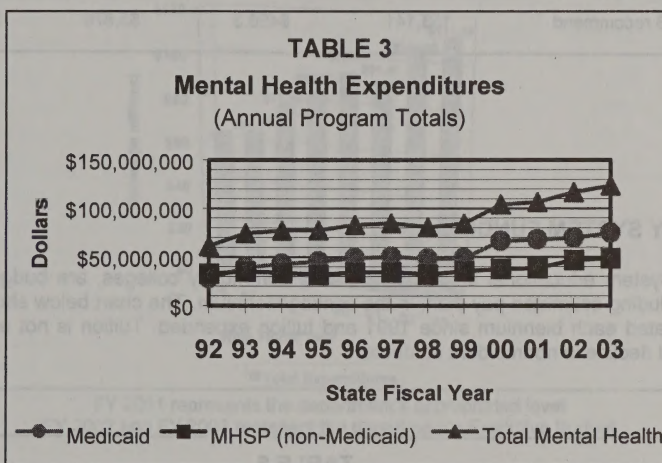


Mental Health Services:

The funding for mental health services has increased substantially since FY 1999. Supplemental funding was necessary in FY 2000 and is budgeted again as a supplemental appropriation in FY 2001 to sustain mental health services at an acceptable level. The Department of Public Health and Human Services has embarked on instituting cost containment measures and has enhanced the use of the Children's Health Insurance Program (CHIP) for children who qualify for CHIP and need mental health services. Expanded funding is included within the submitted budget for the next biennium.

Beginning in April 1997 and continuing through FY 1998 and 1999, mental health services were offered through the Mental Health Access Plan (MHAP), a managed mental health care plan funded using combined federal and state dollars. This initiative was terminated at the end of FY 1999. Beginning in FY 2000, mental health services are being provided under a fee-for-service program with a utilization review component, which continues to be funded with the same state and federal funding sources. Mental health services are separated into two components. Medicaid, funded with state and federal funds, is provided to those persons who are eligible under Medicaid and thus are entitled to the services. The Mental Health Services Plan (MHSP) provides services on behalf of clients who are not Medicaid eligible and is funded entirely with general fund.

The annual total expenditures for the mental health program, shown for Medicaid and for the MHSP (non-Medicaid) component, are presented below in Table 3.

**K-12 EDUCATION**

The 2000 special session increased school funding for FY 2001 by an additional 3% increase in entitlements over the increases that were scheduled by the 1999 regular session. In addition the formula for school funding was changed to increase direct state aid to schools from 41.1% in FY 2000 to 44.7%. This increase in direct state aid benefits all school districts in the state and reduces local taxes to fund schools.

For the 2003 biennium, there is a 3% increase in entitlements in FY 2003.

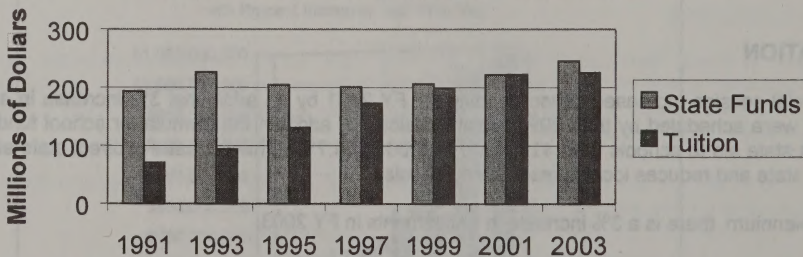
TABLE 4
Statewide School Information

| Year | Average number belonging (ANB) | State aid to District general fund (millions) | Per ANB entitlement Elementary | Per ANB entitlement High School |
|-------------------|--------------------------------|---|--------------------------------|---------------------------------|
| FY 1998 actual | 163,810 | \$426.1 | \$3,376 | \$4,726 |
| FY 1999 actual | 161,753 | \$425.7 | \$3,410 | \$4,773 |
| FY 2000 actual | 159,592 | \$439.2 | \$3,529 | \$4,821 |
| FY 2001 estimate | 157,538 | \$458.8 | \$3,763 | \$5,015 |
| FY 2002 recommend | 155,137 | \$447.4 | \$3,763 | \$5,015 |
| FY 2003 recommend | 153,141 | \$456.3 | \$3,876 | \$5,165 |

MONTANA UNIVERSITY SYSTEM FUNDING

The Montana University System educational units, not including community colleges, are budgeted to receive \$220.9 million of general fund, including estimated pay plan, in the coming biennium. The chart below shows the level of general fund and millage appropriated each biennium since 1991 and tuition expended. Tuition is not expected to significantly increase due to a projected decline in nonresident students.

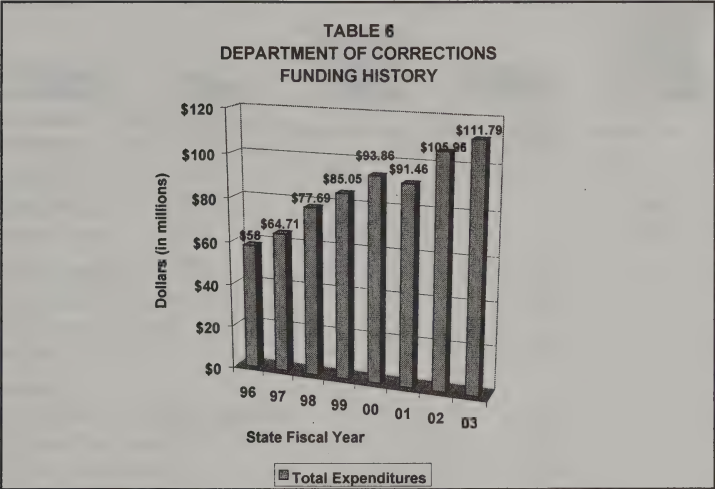
TABLE 5
State Funds (GF plus Millage), and Tuition



DEPARTMENT OF CORRECTIONS

Adult offender institutional populations have grown by about 43 percent from FY 1996 through FY 2000, while probation and parole populations have increased by 19.4 percent. Since FY 1996, department reliance on employee personal services has decreased from 47.9 percent of total expenditures to 41.1 percent of total expenditures in FY 2000. Concurrently, reliance on privatized contract services has increased from 21.4 percent of total expenditures in FY 1996 to 32.2 percent in FY 2000.

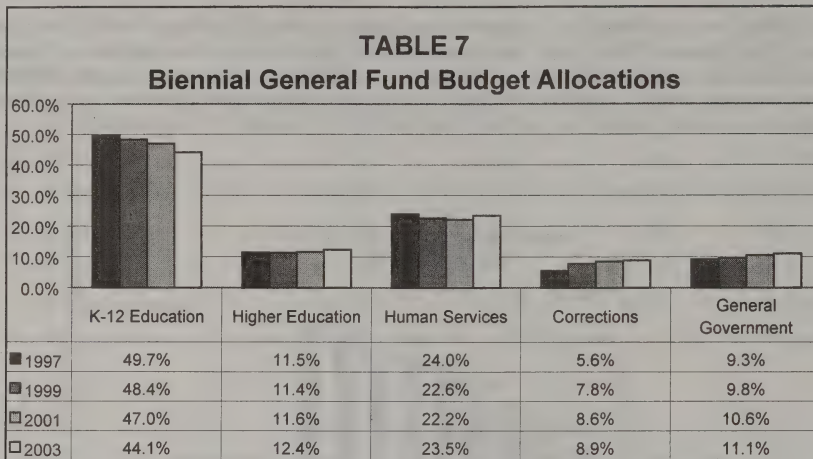
The Department of Corrections recommended budget includes approximately \$30 million of additional general fund. Of this increase, 61 percent is attributable to contract placement costs for adult offenders in regional and private prisons and pre-release centers across the state. Another 7.3 percent of this increase is due to increasing capacity at Montana Women's Prison and Pine Hills Youth Correctional Facility as a result of expansions approved during the last legislative session to meet population growth. Table 6 shows the Department of Corrections funding history.



FY 2001 represents the department's appropriated level
FY 2002 and FY 2003 represent the department's Executive Budget

STATEWIDE GENERAL FUND BUDGET BY PROGRAM AREA

General fund budgeted expenditures, comparable to the LFD schedules for general fund appropriations by program area, rise 21 percent over the eight year period with growth in all areas. However, as Table 7 indicates, the allocation has shifted away from K-12 education toward corrections and all other general government, including economic development. Public school enrollments have declined 6.5 percent during this period while corrections populations have soared 58 percent.



GENERAL FUND BUDGET RECOMMENDATIONS

| | FY2000 | FY2001 | FY2002 | FY2003 |
|--|-----------------|-----------------|-----------------|-----------------|
| Beginning Fund Balance | 109.67 | 172.17 | 96.25 | 88.34 |
| Revenues | 1,166.85 | 1,156.64 | 1,194.19 | 1,216.13 |
| FEMA fire reimbursements | | 32.50 | 9.50 | - |
| Cultural Heritage Loans (HB 16) | | | (0.58) | (0.94) |
| Extend Endowment Credit at restricted level | | | | (5.18) |
| Increase cigarette and tobacco product taxes | | | 23.54 | 23.63 |
| Subtotal Revenue | 1,166.85 | 1,189.14 | 1,226.64 | 1,233.65 |
| Residual Equity Transfers | 0.72 | 0.75 | 0.75 | 0.75 |
| Total Available | 1,277.25 | 1,362.05 | 1,323.64 | 1,322.73 |
| Expenditures | | | | |
| General Appropriations | | | | |
| Agencies | 1,045.59 | 1,063.98 | - | 1,121.35 |
| SB184 Property Tax Reimbursements | 13.81 | 56.77 | 54.93 | 54.93 |
| Subtotal General Appropriations | 1,059.40 | 1,120.75 | 1,176.29 | 1,202.33 |
| Language Appropriations | 0.02 | - | - | - |
| Cultural and Aesthetic (HB 9) | | | 0.30 | 0.30 |
| Micro Business Development | | | 0.15 | 0.15 |
| Pay Plan Appropriations (HB 13) | | | | |
| Contingency: VS and Retirement | | 0.35 | 1.00 | - |
| 2003 Biennium Pay Plan | | | 8.70 | 21.40 |
| Subtotal Pay Plan | - | 0.35 | 9.70 | 21.40 |
| Statutory Appropriations | | | | |
| SB 417 Property Tax Reimbursements | 11.56 | 10.27 | 8.99 | 7.71 |
| State Lands Reimbursements | 0.55 | 0.55 | 0.55 | 0.55 |
| Local PERD contribution | 0.34 | 0.30 | 0.34 | 0.34 |
| TRS GABA contribution | 0.53 | 0.54 | 0.53 | 0.53 |
| Debt Service | 11.18 | 18.30 | 18.72 | 18.16 |
| New Debt service (HB 14 & HB 15) | | | 0.32 | 1.33 |
| Economic Development HB1 | 2.66 | 10.61 | 8.22 | 8.22 |
| TRANS Interest | - | - | 1.00 | 1.90 |
| Banking Services & Cash Management | 0.98 | 0.79 | 0.97 | 0.97 |
| HB 169 Motor Vehicle Registration | 0.32 | 0.35 | - | - |
| Retirement | 12.57 | 14.34 | 14.24 | 14.85 |
| FEMA Reimbursed Fires | | 42.00 | - | - |
| Emergency | 1.67 | 4.91 | - | - |
| Subtotal Other expenditures | 42.34 | 102.97 | 53.87 | 54.55 |
| Miscellaneous Appropriations | 1.55 | 0.55 | | |
| Continuing Appropriations | 1.55 | 1.42 | | |
| Supplemental Appropriations | | 34.75 | | |
| Legislative Feed Bill | | 5.44 | | 5.44 |
| Reversions | | (5.00) | (5.00) | (5.00) |
| Total Disbursements | 1,104.86 | 1,261.22 | 1,235.31 | 1,279.16 |
| Adjustments | (0.23) | (4.58) | | |
| Ending Balance | 172.17 | 96.25 | 88.34 | 43.57 |



GENERAL GOVERNMENT AND TRANSPORTATION

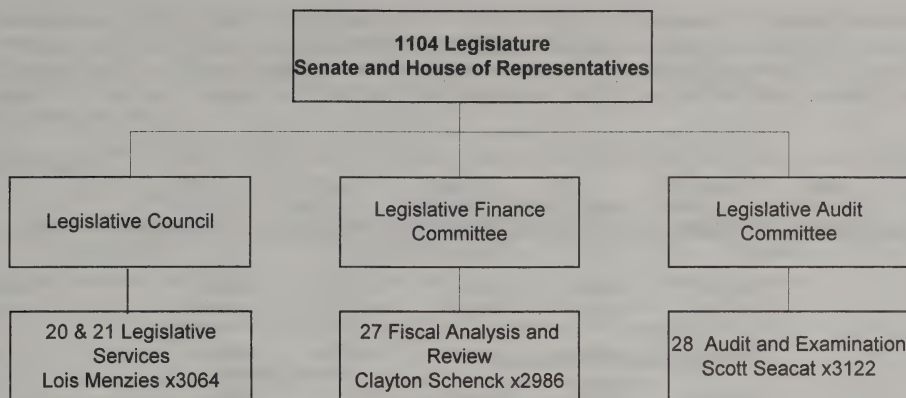
Legislative Branch
Consumer Counsel
Judiciary
Montana Chiropractic Legal Panel
Governor's Office
Secretary of State of Montana
Commissioner of Political Practices
State Auditor

Transportation
Revenue
Administration
Appellate Defender Commission
State Compensation Insurance Fund
Public Employees' Retirement Board
Teacher's Retirement Board

OBPP Staff*

| | |
|------------------|-------|
| Amy Sassano | x0619 |
| Mary Beth Linder | x4899 |

*See Reference Page 1 for specific staff assignments

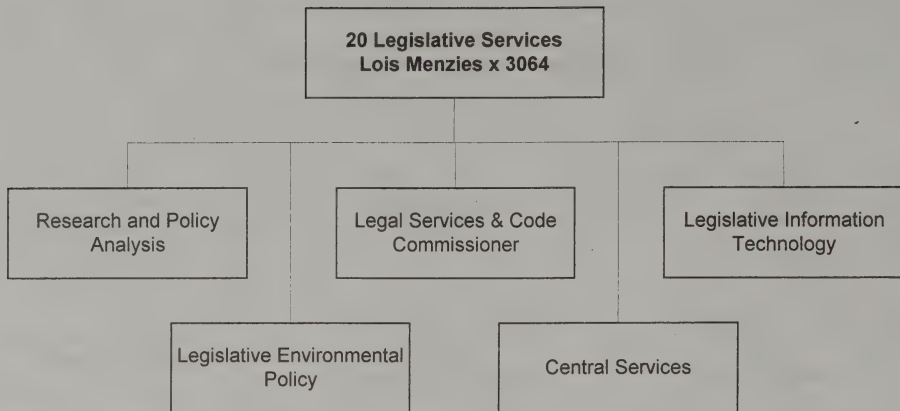


Mission Statement - The mission of the Legislature is to exercise the legislative power of state government vested in the Legislature by The Constitution of the State of Montana. The mission of the Legislative Branch, i.e., the consolidated legislative agency, is to provide the administrative structure to support accomplishment of the mission of the Legislature.

Statutory Authority - Principal statutory authority for the Legislative Services Division is found in Title 1, Chapter 11, and Title 5, Chapters 5 and 11, MCA. Principal statutory authority for the Legislative Fiscal Division is found in The Legislative Finance Act, Title 5, Chapter 12, MCA. The function of the Legislative Audit Division is constitutionally required, with principal statutory authority in The Legislative Audit Act, Title 5, Chapter 13, MCA.

Executive Budget Recommendation - In accordance with 17-7-122, MCA, no changes could be made to the budget request.

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 125.27 | 0.00 | 0.00 | 125.27 | 0.00 | 0.00 | 130.44 |
| Personal Services | 6,081,445 | 617,519 | 30,156 | 6,729,120 | 622,141 | 0 | 6,703,586 |
| Operating Expenses | 2,638,316 | 987,133 | 329,861 | 3,955,310 | 84,922 | 500,492 | 3,223,730 |
| Equipment | 125,954 | (25,954) | 0 | 100,000 | (25,954) | 75,247 | 175,247 |
| Total Costs | \$8,845,715 | \$1,578,698 | \$360,017 | \$10,784,430 | \$681,109 | \$575,739 | \$10,102,563 |
| General Fund | 6,729,738 | 1,263,085 | 360,017 | 8,352,840 | 984,382 | 575,739 | 8,289,859 |
| State/Other Special | 2,115,977 | 315,613 | 0 | 2,431,590 | (303,273) | 0 | 1,812,704 |
| Total Funds | \$8,845,715 | \$1,578,698 | \$360,017 | \$10,784,430 | \$681,109 | \$575,739 | \$10,102,563 |



Program Description - The Legislative Services Division provides research, reference, legal, technical, information technology, and administrative support services to the House, Senate, and other divisions of the Legislative Branch. Division services include: 1) bill and amendment drafting, preparation of bills for introduction, and engrossing and enrolling bills; 2) publication of legislative documents of record; 3) provision of legislative research and reference services; legal counseling on legislative matters and agency legal support; 4) agency management and business services; 5) planning, installation and maintenance of the agency computer network and applications; 6) legislative committee staffing and support; 7) preparation, publication and distribution of the Montana Code Annotated text and annotations; 8) review of the text of proposed ballot measures; and 9) provision of legislative information to the public. The Legislative Council provides policy guidance to the Legislative Services Division.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 49.50 | 0.00 | 0.00 | 49.50 | 0.00 | 0.00 | 54.67 |
| Personal Services | 2,473,993 | 129,854 | 0 | 2,603,847 | 226,972 | 0 | 2,700,965 |
| Operating Expenses | 2,048,542 | 546,104 | 50,000 | 2,644,646 | 281,912 | 475,492 | 2,805,946 |
| Equipment | 125,954 | (25,954) | 0 | 100,000 | (25,954) | 75,247 | 175,247 |
| Total Costs | \$4,648,489 | \$650,004 | \$50,000 | \$5,348,493 | \$482,930 | \$550,739 | \$5,682,158 |
| General Fund | 3,650,692 | 729,948 | 50,000 | 4,430,640 | 1,040,989 | 550,739 | 5,242,420 |
| State/Other Special | 997,797 | (79,944) | 0 | 917,853 | (558,059) | 0 | 439,738 |
| Total Funds | \$4,648,489 | \$650,004 | \$50,000 | \$5,348,493 | \$482,930 | \$550,739 | \$5,682,158 |

Significant Present Law Adjustments -

- Address non-base year session costs
- Cover cyclical Montana Codes Annotated production costs
- Continue the implementation of the Legislative Branch computer system plan
- Maintain technology infrastructure related to the Montana Codes Annotated

New Proposals -

- Broadcast 2003 Legislative session activities on the Internet
- Technology contingency fund to provide the ability to react to technology changes
- Pilot project to determine feasibility of legislator computers and chamber automation

Program Description - The Legislative Committees and Activities Program processes and monitors the expenditures of various legislative committees and activities, particularly those conducted during the interim between legislative sessions. Services include: 1) limited support of interim studies activities established under 5-5-202 through 5-5-217, MCA; 2) support of interstate cooperation activities of the legislature; and 3) support of other legislative activities for which appropriations are made.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.97 | 0.00 | 0.00 | 0.97 | 0.00 | 0.00 | 0.97 |
| Personal Services | 53,512 | 62,982 | 30,156 | 146,650 | (53,512) | 0 | 0 |
| Operating Expenses | 263,447 | 370,828 | 229,861 | 864,136 | (263,447) | 0 | 0 |
| Total Costs | \$316,959 | \$433,810 | \$260,017 | \$1,010,786 | (\$316,959) | \$0 | \$0 |
| General Fund | 316,959 | 356,525 | 260,017 | 933,501 | (316,959) | 0 | 0 |
| State/Other Special | 0 | 77,285 | 0 | 77,285 | 0 | 0 | 0 |
| Total Funds | \$316,959 | \$433,810 | \$260,017 | \$1,010,786 | (\$316,959) | \$0 | \$0 |

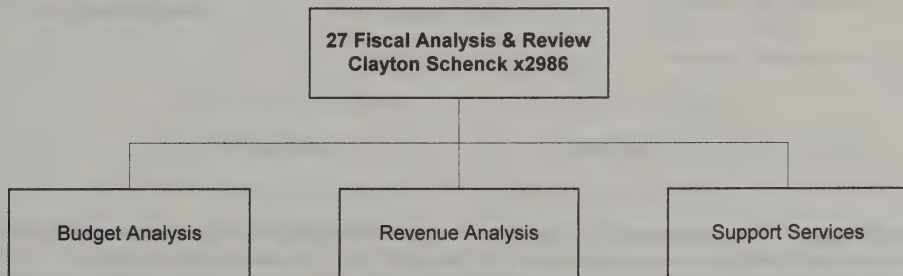
Significant Present Law Adjustments -

- Adjust budget to reflect biennial appropriation for the Interim Committees and Activities Program
- Extend the Districting and Apportionment Commission
- Continue the Utility Transition Advisory Committee

New Proposals -

- Participate as active members of the Council of State Governments
- Expand participation in the National Conference of State Legislatures

FISCAL ANALYSIS & REVIEW



Program Description - The Legislative Fiscal Division provides the legislature with objective fiscal information and analysis relevant to Montana public policy and budget determination. Division services include: 1) fiscal analysis of state government and the furnishing of information bearing upon the financial matters of the state; 2) identification of ways to effect economy and efficiency in state government; 3) estimation of revenue and analysis of tax policy; 4) analysis of the executive budget; 5) compiling and analyzing fiscal information for legislators and legislative committees; and 6) staffing and support for legislative committees, including the preparation and processing of the General Appropriations Act. The Legislative Finance Committee provides guidance to the Legislative Fiscal Division.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 18.80 | 0.00 | 0.00 | 18.80 | 0.00 | 0.00 | 18.80 |
| Personal Services | 978,955 | 48,862 | 0 | 1,027,817 | 55,986 | 0 | 1,034,941 |
| Operating Expenses | 53,063 | 1,576 | 25,000 | 79,639 | 39,482 | 25,000 | 117,545 |
| Total Costs | \$1,032,018 | \$50,438 | \$25,000 | \$1,107,456 | \$95,468 | \$25,000 | \$1,152,486 |
| General Fund | 1,032,018 | 50,438 | 25,000 | 1,107,456 | 95,468 | 25,000 | 1,152,486 |
| Total Funds | \$1,032,018 | \$50,438 | \$25,000 | \$1,107,456 | \$95,468 | \$25,000 | \$1,152,486 |

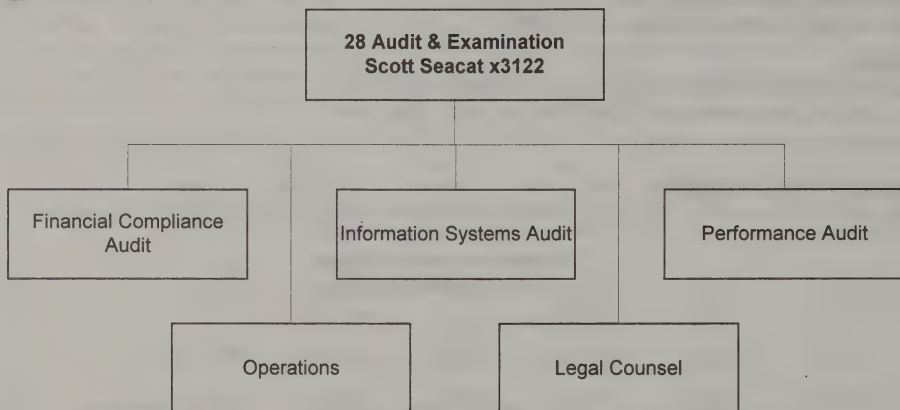
Significant Present Law Adjustments -

- Address non-base year session costs
- Adjust base budget for miscellaneous office supplies and telephone equipment

New Proposals -

- Purchase ergonomic furniture to increase efficiency and correspond with the Capitol restoration decor

AUDIT & EXAMINATION



Program Description - The Legislative Audit Division conducts independent audits and provides factual and objective information to the legislative and executive managers of the public trust. Division services include: 1) conducting and reporting of biennial financial-compliance audits, performance audits, information systems audits, and special audits of state agency operations; 2) reporting of violation of penal statutes, instances of misfeasance, malfeasance, or nonfeasance, and shortages discovered in an audit that are covered by surety; 3) auditing records of entities under contract with the state; and 4) assisting the legislature, its committees, and its members by providing information related to the fiscal affairs of state government. The Legislative Audit Committee provides policy guidance to the Legislative Audit Division.

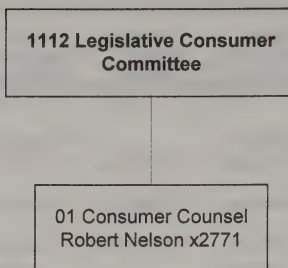
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 56.00 | 0.00 | 0.00 | 56.00 | 0.00 | 0.00 | 56.00 |
| Personal Services | 2,574,985 | 375,821 | 0 | 2,950,806 | 392,695 | 0 | 2,967,680 |
| Operating Expenses | 273,264 | 68,625 | 25,000 | 366,889 | 26,975 | 0 | 300,239 |
| Total Costs | \$2,848,249 | \$444,446 | \$25,000 | \$3,317,695 | \$419,670 | \$0 | \$3,267,919 |
| General Fund | 1,730,069 | 126,174 | 25,000 | 1,881,243 | 164,884 | 0 | 1,894,953 |
| State/Other Special | 1,118,180 | 318,272 | 0 | 1,436,452 | 254,786 | 0 | 1,372,966 |
| Total Funds | \$2,848,249 | \$444,446 | \$25,000 | \$3,317,695 | \$419,670 | \$0 | \$3,267,919 |

Significant Present Law Adjustments -

- Pay cyclical audit costs associated with a financial audit of the Legislative Branch, Peer Review, and contracted actuarial services
- Adjust base budget for miscellaneous training and periodicals costs

New Proposals -

- Contract for an EDP security audit of the Legislative Branch



Mission Statement - To represent the utility and transportation consuming public of the State of Montana in hearings before the Public Service Commission or any other successor agency, and before state and federal courts and administrative agencies.

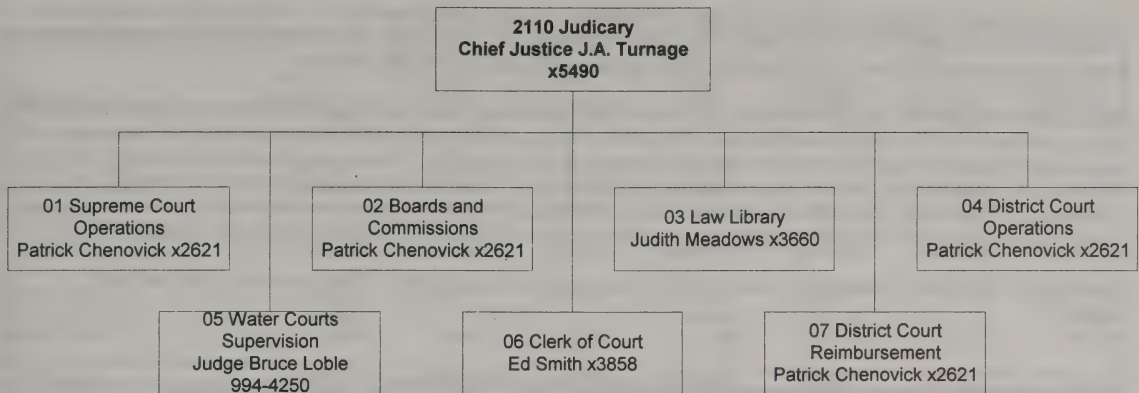
Statutory Authority - Article XIII, Section 2, 1972 Montana Constitution; Title 5, Chapter 15; Title 69, Chapters 1 and 2, MCA.

Program Description - The Office of the Consumer Counsel was created by Article XIII, Section 2 of the 1972 Montana Constitution. The consumer counsel is charged with the duty of representing consumer interests in hearings before the Public Service Commission or any other successor agency. The agency also may initiate, intervene in, or otherwise participate in appropriate proceedings in the state and federal courts and proceedings before federal administrative agencies on behalf of the public of Montana.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 5.04 | 0.00 | 0.00 | 5.04 | 0.00 | 0.00 | 5.04 |
| Personal Services | 343,423 | 22,939 | 0 | 366,362 | 25,199 | 0 | 368,622 |
| Operating Expenses | 524,093 | 215,621 | 0 | 739,714 | 215,418 | 0 | 739,511 |
| Total Costs | \$867,516 | \$238,560 | \$0 | \$1,106,076 | \$240,617 | \$0 | \$1,108,133 |
| State/Other Special | 867,516 | 238,560 | 0 | 1,106,076 | 240,617 | 0 | 1,108,133 |
| Total Funds | \$867,516 | \$238,560 | \$0 | \$1,106,076 | \$240,617 | \$0 | \$1,108,133 |

Significant Present Law Adjustments -

- The Consumer Counsel historically has received a \$100,000 per year contingency appropriation to cover unanticipated caseload increases. Since the contingency was not spent in the base year, the request restores the contingency fund and includes contracted services, travel and other minor present law adjustments.



Mission Statement - The judicial branch of state government is provided for in Article III, Section 1, and Article VII of the 1972 Montana Constitution. The jurisdiction of the Supreme Court consists of all appellate and original jurisdiction in petitions for writs of habeas corpus and other such writs, general supervisory control over all Montana courts, and rule making for those courts.

Statutory Authority - Article III, Section 1 and Article VII, Montana Constitution; Title 3, MCA.

Executive Budget Recommendation –

- Provide technical assistance and funding to local Court Appointed Special Advocate and Guardian Ad Litem programs
- Reduce backlog and process time for Supreme Court cases by hiring additional law clerks for the Justices
- Expand the Citizen Review Board Program to additional Montana communities
- Continue Federal Court Assessment Program for improving child abuse and neglect proceedings in Montana courts
- Add staff to accommodate ever-increasing case filings and workload in the Clerk of Court's office
- Begin process of converting a 63-year backlog of records to long-term storage medium

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 102.75 | 11.00 | 1.00 | 114.75 | 11.00 | 1.00 | 114.75 |
| Personal Services | 7,467,094 | 1,136,871 | 38,256 | 8,642,221 | 1,186,339 | 38,256 | 8,691,689 |
| Operating Expenses | 1,556,329 | 324,251 | 366,219 | 2,246,799 | 255,676 | 362,719 | 2,174,724 |
| Equipment | 280,966 | 28,061 | 0 | 309,027 | 30,868 | 0 | 311,834 |
| Grants | 434,371 | 201,822 | 100,000 | 736,193 | 199,969 | 100,000 | 734,340 |
| Debt Service | 28,510 | 0 | 0 | 28,510 | 0 | 0 | 28,510 |
| Total Costs | \$9,767,270 | \$1,691,005 | \$504,475 | \$11,962,750 | \$1,672,852 | \$500,975 | \$11,941,097 |
| General Fund | 8,204,056 | 1,429,528 | 245,750 | 9,879,334 | 1,402,107 | 242,250 | 9,848,413 |
| State/Other Special | 1,488,214 | 181,477 | 0 | 1,669,691 | 190,745 | 0 | 1,678,959 |
| Federal Special | 75,000 | 80,000 | 258,725 | 413,725 | 80,000 | 258,725 | 413,725 |
| Total Funds | \$9,767,270 | \$1,691,005 | \$504,475 | \$11,962,750 | \$1,672,852 | \$500,975 | \$11,941,097 |

The Judicial branch budget request is presented in the table below in accordance with 17-7-122(3), MCA, which states: "Judicial branch request must be included in the budget submitted by the governor, but expenditures above the current level funding need not be part of the balanced financial plan pursuant to 17-7-123, MCA."

Negotiations between the Executive and the Supreme Court during the planning process resulted in un-funded proposals being withdrawn from the Judicial submission. The Clerk of Court chose to include funded and un-funded requests in the budget submission. Three requests were not fully funded in the clerk's office. There is a proposal in the clerk's office to microfilm a 63-year backlog of court records in the 2003 biennium. The Executive approved a reduced amount for a combination of microfilm, microfiche, and imaged formats spread over the 2003 biennium and beyond. Another request to purchase a scanner for the office was reduced. A third request for 5.00 FTE additional staff was reduced to 1.00 FTE.

Note that the other funds category includes \$36,962 proprietary funds each year of the biennium in the law library program.

| Judicial Branch 2003 Biennium Budget Request | | | | | | | | | | | | |
|--|---------------|---------------------|--------------------|---------------|--------------------|--------------------|---------------|---------------------|--------------------|---------------|--------------------|--------------------|
| Program | FY2002 | | | | | | FY2003 | | | | | |
| | Judicial | | | Executive | | | Judicial | | | Executive | | |
| | FTE | General Fund | Other Funds | FTE | General Fund | Other Funds | FTE | General Fund | Other Funds | FTE | General Fund | Other Funds |
| Supreme Court Operations | 47.75 | \$3,509,846 | \$1,413,725 | 47.75 | \$3,509,846 | \$1,413,725 | 47.75 | \$3,467,138 | \$1,413,725 | 47.75 | \$3,467,138 | \$1,413,725 |
| Boards and Commissions | 3.00 | \$328,253 | \$0 | 3.00 | \$328,253 | \$0 | 3.00 | \$327,305 | \$0 | 3.00 | \$327,305 | \$0 |
| Law Library | 7.50 | \$796,477 | \$36,962 | 7.50 | \$796,477 | \$36,962 | 7.50 | \$791,985 | \$36,962 | 7.50 | \$791,985 | \$36,962 |
| District Court Operations | 40.00 | \$4,862,787 | \$0 | 40.00 | \$4,862,787 | \$0 | 40.00 | \$4,886,134 | \$0 | 40.00 | \$4,886,134 | \$0 |
| Water Court | 11.00 | \$0 | \$669,691 | 11.00 | \$0 | \$669,691 | 11.00 | \$0 | \$678,959 | 11.00 | \$0 | \$678,959 |
| Clerk of Court | 9.50 | \$636,154 | \$0 | 5.50 | \$381,971 | \$0 | 9.50 | \$599,969 | \$0 | 5.50 | \$375,851 | \$0 |
| Total | <u>118.75</u> | <u>\$10,133,517</u> | <u>\$2,120,378</u> | <u>114.75</u> | <u>\$9,879,334</u> | <u>\$2,120,378</u> | <u>118.75</u> | <u>\$10,072,531</u> | <u>\$2,129,646</u> | <u>114.75</u> | <u>\$9,848,413</u> | <u>\$2,129,646</u> |

01 Supreme Court Operations
Patrick Chenovick x2621

Program Description -

The Supreme Court has appellate jurisdiction for the State of Montana. It has original jurisdiction to issue, hear, and determine writs of habeas corpus and other such writs as may be provided by law. It also has general supervisory control over all other courts in the state. The Supreme Court also is charged with establishing rules governing appellate procedure, the practice and procedure for all other courts, admission to the bar, and the conduct of its members. The Supreme Court consists of a chief justice and six justices. The Supreme Court Operations Program manages the day-to-day operations of the court and administers the local citizen review board pilot program for foster care placements, the federal court assessment program, and the district court criminal reimbursement program.

JUDICIARY SUPREME COURT OPERATIONS

2110
01

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 37.75 | 9.00 | 1.00 | 47.75 | 9.00 | 1.00 | 47.75 |
| Personal Services | 2,280,357 | 446,757 | 38,256 | 2,765,370 | 460,407 | 38,256 | 2,779,020 |
| Operating Expenses | 898,617 | 215,672 | 307,719 | 1,422,008 | 161,167 | 307,719 | 1,367,503 |
| Grants | 434,371 | 201,822 | 100,000 | 736,193 | 199,969 | 100,000 | 734,340 |
| Total Costs | \$3,613,345 | \$864,251 | \$445,975 | \$4,923,571 | \$821,543 | \$445,975 | \$4,880,863 |
| General Fund | 2,675,451 | 647,145 | 187,250 | 3,509,846 | 604,437 | 187,250 | 3,467,138 |
| State/Other Special | 862,894 | 137,106 | 0 | 1,000,000 | 137,106 | 0 | 1,000,000 |
| Federal Special | 75,000 | 80,000 | 258,725 | 413,725 | 80,000 | 258,725 | 413,725 |
| Total Funds | \$3,613,345 | \$864,251 | \$445,975 | \$4,923,571 | \$821,543 | \$445,975 | \$4,880,863 |

Significant Present Law Adjustments -

- Reduce backlog and process time for Supreme Court cases by hiring additional law clerks for the Justices
- Maintain the Citizen Review Board Program as approved by the 1999 Legislature
- Provide continuing education for Supreme Court Justices
- Continue court filing surcharge to automate Montana courts

New Proposals -

- Continue Federal Court Assessment Program for improving child abuse and neglect proceedings in Montana courts
- Expand the Citizen Review Board Program to additional Montana communities
- Provide technical assistance and funding to local Court Appointed Special Advocate and Guardian Ad Litem programs
- Update computer hardware to operate the Court's case management system.
- Purchase electronic version of legal research material

BOARDS AND COMMISSIONS

02 Boards and Commissions
Patrick Chenovick x2621

Program Description - The Boards and Commissions Program oversees functions assigned to the Supreme Court either by legislative or constitutional mandate. The program manages judicial discipline, rules, and other substantive matters aimed at improving and maintaining the administration of justice. Commissions and boards included in the program are the Judicial Standards Commission; Sentence Review Division; Commission on Practice; Commission on Courts of Limited Jurisdiction; and the Judicial Nominations Commission.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 2.00 | 1.00 | 0.00 | 3.00 | 1.00 | 0.00 | 3.00 |
| Personal Services | 73,129 | 46,667 | 0 | 119,796 | 47,073 | 0 | 120,202 |
| Operating Expenses | 127,547 | 30,910 | 50,000 | 208,457 | 29,556 | 50,000 | 207,103 |
| Total Costs | \$200,676 | \$77,577 | \$50,000 | \$328,253 | \$76,629 | \$50,000 | \$327,305 |
| General Fund | 200,676 | 77,577 | 50,000 | 328,253 | 76,629 | 50,000 | 327,305 |
| Total Funds | \$200,676 | \$77,577 | \$50,000 | \$328,253 | \$76,629 | \$50,000 | \$327,305 |

Significant Present Law Adjustments -

- Staff the Commission to Eliminate Gender Bias in the Courts, the Commission on Self-Represented Litigants, and the Commission on Practice.
- Investigate complaints regarding judicial conduct made to the Judicial Standards Commission

New Proposals -

- Audit courts of limited jurisdiction for instances of fraud and theft

LAW LIBRARY

03 Law Library
Judith Meadows x3660

Program Description - The State Law Library houses reference materials used by the Supreme Court, lower courts, the legislature, state officers and employees, members of the bar, and the general public. The collection includes legal materials from the federal government and all 50 states, as well as Canada. Some of the books and materials contained in the library include treatises, law reviews, reports, microfilm, and audio/video tapes for continuing legal education. Access to much of the information also is provided from the library's Internet site. The State Law Library is governed by a Board of Trustees which consists of the Supreme Court justices.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 7.50 | 0.00 | 0.00 | 7.50 | 0.00 | 0.00 | 7.50 |
| Personal Services | 281,861 | 52,187 | 0 | 334,048 | 53,851 | 0 | 335,712 |
| Operating Expenses | 102,306 | 17,586 | 5,000 | 124,892 | 8,623 | 5,000 | 115,929 |
| Equipment | 280,966 | 28,061 | 0 | 309,027 | 30,868 | 0 | 311,834 |
| Debt Service | 28,510 | 0 | 0 | 28,510 | 0 | 0 | 28,510 |
| Total Costs | \$693,643 | \$97,834 | \$5,000 | \$796,477 | \$93,342 | \$5,000 | \$791,985 |
| General Fund | 693,643 | 97,834 | 5,000 | 796,477 | 93,342 | 5,000 | 791,985 |
| Total Funds | \$693,643 | \$97,834 | \$5,000 | \$796,477 | \$93,342 | \$5,000 | \$791,985 |

Significant Present Law Adjustments -

- Provide safe and comfortable seating for the State Law Library
- Upgrade web server to accommodate increased access to information on the Internet
- Adjust budget for books and research materials for inflation
- Establish a comparable wage for State Law Library clerks

New Proposals -

- Convert legal documents to electronic format for accessibility via the Internet

Proprietary Rates

Program Description - Law Library Searches/Research Enterprise Fund - The law library is billed by the on-line provider for the air time, and the law library in turn bills the requesting entity for the cost of the search performed.

Revenues and Expenses -

The law library staff performs on-line searches/research for public and private entities. The law library is billed by the on-line provider for the air time and the law library, in turn, bills the entity requesting the search/research, collects the money and pays the provider.

JUDICIARY DISTRICT COURT OPERATIONS

2110
04

04 District Court Operations
Patrick Chenovick x2621

Program Description - The District Court Operations Program funds salaries, travel, and training for Montana's elected district judges. Other operational costs of the district courts are paid by other state agencies and local governments. District courts are general jurisdiction trial courts having original jurisdiction in all criminal felony cases, civil matters, and cases of law.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 40.00 | 0.00 | 0.00 | 40.00 | 0.00 | 0.00 | 40.00 |
| Personal Services | 4,076,004 | 489,946 | 0 | 4,565,950 | 513,186 | 0 | 4,589,190 |
| Operating Expenses | 283,536 | 13,301 | 0 | 296,837 | 13,408 | 0 | 296,944 |
| Total Costs | \$4,359,540 | \$503,247 | \$0 | \$4,862,787 | \$526,594 | \$0 | \$4,886,134 |
| General Fund | 4,359,540 | 503,247 | 0 | 4,862,787 | 526,594 | 0 | 4,886,134 |
| Total Funds | \$4,359,540 | \$503,247 | \$0 | \$4,862,787 | \$526,594 | \$0 | \$4,886,134 |

Significant Present Law Adjustments -

- Provide education and training to judges newly elected in 2000
- Increase budget for leased vehicles provided to judges with multi-county jurisdictions
- Compensate retired judges for serving temporarily as substitute judges

WATER COURTS SUPERVISION

05 Water Courts Supervision
Judge Bruce Loble 994-4250

Program Description - The Water Courts Supervision Program, located in Bozeman, adjudicates claims of existing water rights in Montana and supervises the distribution of water among the four water divisions of the state, as defined in 3-7-102, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 11.00 | 0.00 | 0.00 | 11.00 | 0.00 | 0.00 | 11.00 |
| Personal Services | 519,441 | 44,167 | 0 | 563,608 | 53,435 | 0 | 572,876 |
| Operating Expenses | 105,879 | 204 | 0 | 106,083 | 204 | 0 | 106,083 |
| Total Costs | \$625,320 | \$44,371 | \$0 | \$669,691 | \$53,639 | \$0 | \$678,959 |
| State/Other Special | 625,320 | 44,371 | 0 | 669,691 | 53,639 | 0 | 678,959 |
| Total Funds | \$625,320 | \$44,371 | \$0 | \$669,691 | \$53,639 | \$0 | \$678,959 |

Significant Present Law Adjustments -

- Increase salaries for the lowest paid water masters
- Cover overtime expenses for traveling water masters
- Maintain the Water Court's telephone system

06 Clerk of Court
Ed Smith x3858

Program Description - The Clerk of Court Program performs support and operational duties for the Supreme Court, as outlined in Title 3, Chapter 2, part 4, MCA. The program keeps the court records and files, issues writs and certificates, approves bonds, files all papers and transcripts, and performs other duties as required.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 4.50 | 1.00 | 0.00 | 5.50 | 1.00 | 0.00 | 5.50 |
| Personal Services | 236,302 | 57,147 | 0 | 293,449 | 58,387 | 0 | 294,689 |
| Operating Expenses | 38,444 | 46,578 | 3,500 | 88,522 | 42,718 | 0 | 81,162 |
| Total Costs | \$274,746 | \$103,725 | \$3,500 | \$381,971 | \$101,105 | \$0 | \$375,851 |
| General Fund | 274,746 | 103,725 | 3,500 | 381,971 | 101,105 | 0 | 375,851 |
| Total Funds | \$274,746 | \$103,725 | \$3,500 | \$381,971 | \$101,105 | \$0 | \$375,851 |

Significant Present Law Adjustments -

- Begin process of converting a 63-year backlog of records to long-term storage medium
- Increase budget to cover costs of storing court records
- Adjust operating budget for workload increases
- Add staff to accommodate ever-increasing case filings and workload

New Proposals -

- Purchase equipment to convert court filings to electronic formats

2115 Montana Chiropractic
Legal Panel
Mary Lou Garrett 442-7275

01 Legal Panel Operations

Mission Statement - To review potential malpractice claims against chiropractic physicians in order to prevent, if possible, filed court actions for professional liability in which the facts do not permit at least a reasonable inference of malpractice.

Statutory Authority - Title 27, Chapter 12, MCA.

Program Description - The Montana Chiropractic Legal Panel reviews all malpractice claims or potential claims against chiropractic physicians to: a) prevent, when possible, filed court actions against chiropractic physicians for professional liability in situations where the facts do not permit at least a reasonable inference of malpractice; and b) make possible the fair and equitable disposition of such claims against chiropractic physicians that are or reasonably may be well founded. A panel, consisting of three chiropractic physicians licensed in Montana and three attorneys who are members of the State Bar Association of Montana, is appointed to review each malpractice claim or potential claim. The panel is managed by a director appointed by the executive director of the Montana Chiropractic Association.

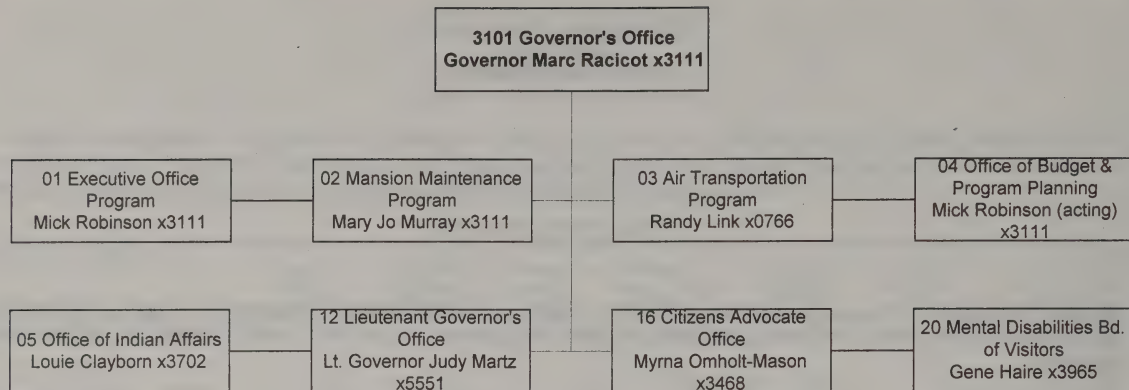
Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Claims Filed | 5 | 3 | 3 | 3 | 3 | 3 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 10,539 | 4,461 | 0 | 15,000 | 4,461 | 0 | 15,000 |
| Total Costs | \$10,539 | \$4,461 | \$0 | \$15,000 | \$4,461 | \$0 | \$15,000 |
| State/Other Special | 10,539 | 4,461 | 0 | 15,000 | 4,461 | 0 | 15,000 |
| Total Funds | \$10,539 | \$4,461 | \$0 | \$15,000 | \$4,461 | \$0 | \$15,000 |

Significant Present Law Adjustments -

- Restore budget to the historical level



Mission Statement - To oversee and direct the activities of the executive branch of Montana state government, consistent with statutory and constitutional mandates, in a manner that provides necessary and affordable services to the citizens of Montana.

Statutory Authority - Primary authority is Article VI, Montana Constitution

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 50.00 | 0.00 | 0.00 | 50.00 | 0.00 | 0.00 | 50.00 |
| Personal Services | 2,423,695 | 161,884 | 0 | 2,585,579 | 174,744 | 0 | 2,598,439 |
| Operating Expenses | 862,472 | 2,316,060 | 30,000 | 3,208,532 | 99,057 | 30,000 | 991,529 |
| Equipment | 12,787 | (12,787) | 0 | 0 | (12,787) | 0 | 0 |
| Total Costs | \$3,298,954 | \$2,465,157 | \$30,000 | \$5,794,111 | \$261,014 | \$30,000 | \$3,589,968 |
| General Fund | 3,024,552 | 239,844 | 30,000 | 3,294,396 | 184,497 | 30,000 | 3,239,049 |
| State/Other Special | 230,746 | 223,969 | 0 | 454,715 | 74,673 | 0 | 305,419 |
| Federal Special | 43,656 | 2,001,344 | 0 | 2,045,000 | 1,844 | 0 | 45,500 |
| Total Funds | \$3,298,954 | \$2,465,157 | \$30,000 | \$5,794,111 | \$261,014 | \$30,000 | \$3,589,968 |

EXECUTIVE OFFICE PROGRAM

01 Executive Office Program
Mick Robinson x3111

Program Description - The Executive Office Program aids the Governor in overseeing and coordinating the activities of the executive branch of Montana state government. The program provides administrative, legal, and press support and provides centralized services for the Office of the Governor. The Executive Office Program also administers programs with special impact on the citizens and governmental concerns of Montana. Special programs include one that coordinates services for senior citizens, one that seeks to preserve clean water in the Flathead Basin, and the Montana Consensus Council.

**GOVERNORS OFFICE
EXECUTIVE OFFICE PROGRAM**

**3101
01**

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 19.00 | 0.00 | 0.00 | 19.00 | 0.00 | 0.00 | 19.00 |
| Personal Services | 930,245 | 85,609 | 0 | 1,015,854 | 90,035 | 0 | 1,020,280 |
| Operating Expenses | 388,839 | 89,182 | 30,000 | 508,021 | 63,944 | 30,000 | 482,783 |
| Equipment | 12,787 | (12,787) | 0 | 0 | (12,787) | 0 | 0 |
| Total Costs | \$1,331,871 | \$162,004 | \$30,000 | \$1,523,875 | \$141,192 | \$30,000 | \$1,503,063 |
| General Fund | 1,124,481 | 80,679 | 30,000 | 1,235,160 | 59,163 | 30,000 | 1,213,644 |
| State/Other Special | 207,390 | 81,325 | 0 | 288,715 | 82,029 | 0 | 289,419 |
| Total Funds | \$1,331,871 | \$162,004 | \$30,000 | \$1,523,875 | \$141,192 | \$30,000 | \$1,503,063 |

Significant Present Law Adjustments -

- Purchase computers according the office computer replacement cycle.
- Increase budget authority to accommodate contracts with other state agencies

New Proposals -

- Participate in the Western Governor's Association

MANSION MAINTENANCE PROGRAM

02 Mansion Maintenance
Program
Mary Jo Murray x3111

Program Description - The Mansion Maintenance Program maintains the Governor's official residence.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 1.50 | 0.00 | 0.00 | 1.50 | 0.00 | 0.00 | 1.50 |
| Personal Services | 44,979 | (717) | 0 | 44,262 | (535) | 0 | 44,444 |
| Operating Expenses | 34,942 | 344 | 0 | 35,286 | 317 | 0 | 35,259 |
| Total Costs | \$79,921 | (\$373) | \$0 | \$79,548 | (\$218) | \$0 | \$79,703 |
| General Fund | 79,921 | (373) | 0 | 79,548 | (218) | 0 | 79,703 |
| Total Funds | \$79,921 | (\$373) | \$0 | \$79,548 | (\$218) | \$0 | \$79,703 |

03 Air Transportation Program
Randy Link x0766

Program Description - The Air Transportation Program provides the Governor with air transportation.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 1.00 | 0.00 | 0.00 | 1.00 | 0.00 | 0.00 | 1.00 |
| Personal Services | 41,888 | 5,392 | 0 | 47,280 | 6,116 | 0 | 48,004 |
| Operating Expenses | 144,820 | (99) | 0 | 144,721 | 476 | 0 | 145,296 |
| Total Costs | \$186,708 | \$5,293 | \$0 | \$192,001 | \$6,592 | \$0 | \$193,300 |
| General Fund | 170,710 | 5,291 | 0 | 176,001 | 6,590 | 0 | 177,300 |
| State/Other Special | 15,998 | 2 | 0 | 16,000 | 2 | 0 | 16,000 |
| Total Funds | \$186,708 | \$5,293 | \$0 | \$192,001 | \$6,592 | \$0 | \$193,300 |

OFFICE OF BUDGET & PROGRAM PLANNING

04 Office of Budget & Program
Planning
Mick Robinson (acting) x3111

Program Description - The Office of Budget and Program Planning (OBPP) assists the Governor in preparing the Governor's Executive Budget and administering the state government budget. In addition, the OBPP prepares and monitors revenue estimates and collections, prepares and publishes fiscal notes on proposed legislation and initiatives, and acts as approving authority for operational plan changes, program transfers, and budget amendments in the executive branch, in accordance with Title 17, Chapter 7, MCA. The OBPP acts as the lead executive branch agency for compliance with the federal Single Audit Act.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 17.00 | 0.00 | 0.00 | 17.00 | 0.00 | 0.00 | 17.00 |
| Personal Services | 906,551 | 27,743 | 0 | 934,294 | 33,015 | 0 | 939,566 |
| Operating Expenses | 144,623 | 54,525 | 0 | 199,148 | 14,885 | 0 | 159,508 |
| Total Costs | \$1,051,174 | \$82,268 | \$0 | \$1,133,442 | \$47,900 | \$0 | \$1,099,074 |
| General Fund | 1,051,174 | 82,268 | 0 | 1,133,442 | 47,900 | 0 | 1,099,074 |
| State/Other Special | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$1,051,174 | \$82,268 | \$0 | \$1,133,442 | \$47,900 | \$0 | \$1,099,074 |

Significant Present Law Adjustments -

- Continue the office computer replacement cycle
- Purchase video projector equipment for OBPP training sessions and presentations
- Publish the 2005 biennium Executive Budget

05 Office of Indian Affairs
Louie Clayborn x3702

Program Description - The Coordinator of Indian Affairs Program serves as the Governor's liaison with state Indian tribes, provides information and policy support on issues confronting the Indians of Montana, and advises and makes recommendations on these issues to the legislative and executive branches. The coordinator also serves the Montana congressional delegation as an advisor and intermediary in the field of Indian affairs and acts as spokesperson for representative Native American organizations and groups, both public and private, whenever that support is requested. The program is mandated by 2-15-217 and 90-11-101, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 2.00 | 0.00 | 0.00 | 2.00 | 0.00 | 0.00 | 2.00 |
| Personal Services | 78,179 | 10,755 | 0 | 88,934 | 11,073 | 0 | 89,252 |
| Operating Expenses | 26,937 | 2,147,496 | 0 | 2,174,433 | (2,439) | 0 | 24,498 |
| Total Costs | \$105,116 | \$2,158,251 | \$0 | \$2,263,367 | \$8,634 | \$0 | \$113,750 |
| General Fund | 105,116 | 8,251 | 0 | 113,367 | 8,634 | 0 | 113,750 |
| State/Other Special | 0 | 150,000 | 0 | 150,000 | 0 | 0 | 0 |
| Federal Special | 0 | 2,000,000 | 0 | 2,000,000 | 0 | 0 | 0 |
| Total Funds | \$105,116 | \$2,158,251 | \$0 | \$2,263,367 | \$8,634 | \$0 | \$113,750 |

Significant Present Law Adjustments -

- Continue State Tribal Economic Development Commission work using \$2 million federal funds

LT. GOVERNOR12 Lieutenant Governor's Office
Lt. Governor Judy Martz x5551

Program Description - The Office of the Lieutenant Governor is responsible for carrying out duties prescribed by statute established by Article VI, Section 4 of the Montana Constitution, as well as those delegated by the Governor. Statutory authority is Title 2, Chapter 15, part 3, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 3.00 | 0.00 | 0.00 | 3.00 | 0.00 | 0.00 | 3.00 |
| Personal Services | 171,337 | 12,477 | 0 | 183,814 | 13,143 | 0 | 184,480 |
| Operating Expenses | 37,424 | 5,265 | 0 | 42,689 | 6,188 | 0 | 43,612 |
| Total Costs | \$208,761 | \$17,742 | \$0 | \$226,503 | \$19,331 | \$0 | \$228,092 |
| General Fund | 208,761 | 17,742 | 0 | 226,503 | 19,331 | 0 | 228,092 |
| Total Funds | \$208,761 | \$17,742 | \$0 | \$226,503 | \$19,331 | \$0 | \$228,092 |

16 Citizens Advocate Office
Myrna Omholt-Mason x3468

Program Description - The Citizens' Advocate Office exists to provide access to state government for Montana citizens. The office provides information to citizens and functions as a referral service for public comments, suggestions, and requests for information. The office provides a toll-free number to the public.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 1.50 | 0.00 | 0.00 | 1.50 | 0.00 | 0.00 | 1.50 |
| Personal Services | 67,522 | 1,165 | 0 | 68,687 | 1,403 | 0 | 68,925 |
| Operating Expenses | 12,319 | 186 | 0 | 12,505 | 159 | 0 | 12,478 |
| Total Costs | \$79,841 | \$1,351 | \$0 | \$81,192 | \$1,562 | \$0 | \$81,403 |
| General Fund | 65,649 | 543 | 0 | 66,192 | 754 | 0 | 66,403 |
| Federal Special | 14,192 | 808 | 0 | 15,000 | 808 | 0 | 15,000 |
| Total Funds | \$79,841 | \$1,351 | \$0 | \$81,192 | \$1,562 | \$0 | \$81,403 |

MENTAL DIS BD VISITORS

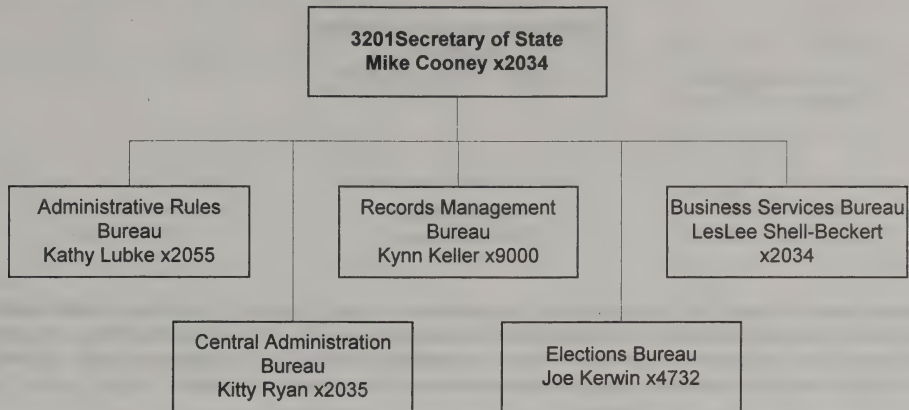
20 Mental Disabilities
Board of Visitors
Gene Haire x3965

Program Description - The Mental Disabilities Board of Visitors is charged with reviewing patient care at Montana's community mental health centers, and at the institutions for the mentally ill and the developmentally disabled. The board provides legal services for the residents at those institutions. The Governor appoints five board members who may be (but are not required to be) consumers, doctors of medicine, or behavioral scientists. The board employs administrative and legal staff and contracts with medical professionals to carry out its responsibilities for patient representation and facility review. The Mental Disabilities Board of Visitors Program was created by the Developmental Disabilities Act of 1975 and the Mental Commitment and Treatment Act of 1975 and exists as a state mandate.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 5.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |
| Personal Services | 182,994 | 19,460 | 0 | 202,454 | 20,494 | 0 | 203,488 |
| Operating Expenses | 72,568 | 19,161 | 0 | 91,729 | 15,527 | 0 | 88,095 |
| Total Costs | \$255,562 | \$38,621 | \$0 | \$294,183 | \$36,021 | \$0 | \$291,583 |
| General Fund | 218,740 | 45,443 | 0 | 264,183 | 42,343 | 0 | 261,083 |
| State/Other Special | 7,358 | (7,358) | 0 | 0 | (7,358) | 0 | 0 |
| Federal Special | 29,464 | 536 | 0 | 30,000 | 1,036 | 0 | 30,500 |
| Total Funds | \$255,562 | \$38,621 | \$0 | \$294,183 | \$36,021 | \$0 | \$291,583 |

Significant Present Law Adjustments -

- Purchase computers according to the office computer replacement cycle
- Improve and expand Board of Visitors site visits to Montana hospitals and clinics



Mission Statement - To provide quality customer service. In an ongoing effort to provide services to the customers of the Secretary of State, the office strives to promote an environment that nurtures and enhances the entrepreneurial spirit of Montana. In achievement of this mission, the Secretary of State advances the principle that government should work for and with its customers. Always striving to improve, not impede the process.

Statutory Authority - Article VI, Montana Constitution.

Program Description - The Office of the Secretary of State is established by Article VI, Section 1 of the Montana Constitution, and its duties are set forth in 2-4-311 and 312, 2-6-203, and 2-15-401, MCA. The office files, maintains, stores, and distributes corporate documents, agricultural lien information, official records of the executive branch, and acts of the legislature. It publishes the Administrative Rules of Montana and the Montana Administrative Register. It administers the state agency records management function and operates a central microfilm unit and the state records center. Because the Secretary of State is the chief election officer of the state, the office also interprets and applies election laws, except those pertaining to campaign finance.

Proprietary Rates

Revenues and Expenses -

The Office of the Secretary of State administers two proprietary funds. The first, an internal service fund, receives revenue from fees charged to state agencies for managing agency records and for publishing and distributing the Administrative Rules of Montana (ARM) and the Montana Administrative Register (MAR). The second fund is an enterprise fund that receives revenues from fees charged to businesses and corporations for corporate filings, registration of assumed business names and trademarks, etc. The legislature does not set rates for the enterprise fund.

Rate Explanation -

Agency records management fees are based on microfilm size and service provided. Publication and distribution of the ARM is done at a rate of \$350 per set for quarterly updates and MAR at \$300 or \$35 per page for agencies. The detailed list is authorized in HB2 and presented to the appropriations subcommittee.

3202 Commissioner of Political
Practices
Linda L. Vaughey x2942

01 Administration
Linda L. Vaughey

Mission Statement - To monitor and to enforce, in a fair and impartial manner, campaign practices and campaign finance disclosure, lobbying disclosure, business interest disclosure of statewide and state district candidates, elected state officials and state department directors, ethical standards of conduct for legislators, public officers and state employees and to investigate legitimate complaints that arise concerning any of the above.

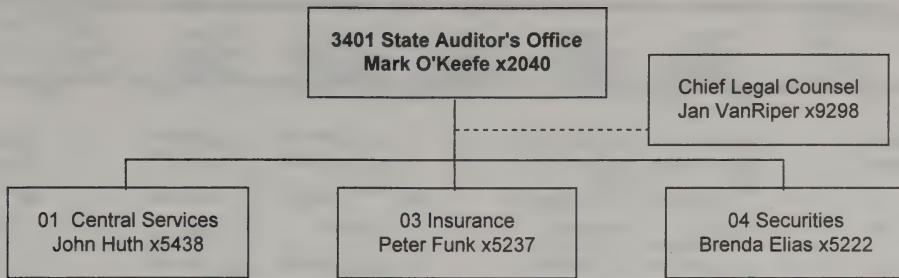
Statutory Authority - Title 13, Chapter 37; Title 2, Chapter 2

Program Description - The Commissioner of Political Practices is provided for in 13-37-102, MCA, which was enacted in 1975 as part of a campaign finance and practice law reform package, with duties and responsibilities set forth in Title 13, Chapter 37, part 1, MCA. Additional responsibilities for the office were created through passage of an initiative in 1980 which provided for both lobbying disclosure and disclosure of business interests of elected officials. In 1995 the Legislature enacted the code of ethics (Title 2, Chapter 2, MCA) and assigned to the commissioner the responsibility for administering ethical standards of conduct for legislators, public officers and state employees. Statutory authority resides in Title 13, Chapter 37 and Title 2, Chapter 2, MCA.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Lobbyists registered | 741 | 850 | 850 | 850 | 850 | 850 |
| Committees registered (all types) | 280 | 534 | 534 | 550 | 550 | 550 |
| Candidates registered (State, State District, and Local) | 1214 | 1812 | 1394 | 1550 | 1400 | 1550 |
| Official complaints filed | 5 | 18 | 7 | 20 | 10 | 20 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 5.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |
| Personal Services | 149,492 | 29,050 | 0 | 178,542 | 30,256 | 0 | 179,748 |
| Operating Expenses | 167,637 | 6,481 | 0 | 174,118 | 1,658 | 0 | 169,295 |
| Total Costs | \$317,129 | \$35,531 | \$0 | \$352,660 | \$31,914 | \$0 | \$349,043 |
| General Fund | 317,129 | 35,531 | 0 | 352,660 | 31,914 | 0 | 349,043 |
| Total Funds | \$317,129 | \$35,531 | \$0 | \$352,660 | \$31,914 | \$0 | \$349,043 |



Mission Statement - The State Auditor is the Commissioner of Insurance and the Commissioner of Securities. The auditor also serves as a member of the Board of Land Commissioners and the Crop Hail Insurance Board. The auditor is charged with licensing, registering, and regulating insurance companies and producers, securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representative within the state.

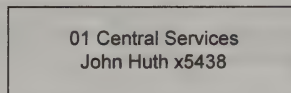
Statutory Authority - Title 30, Chapter 10, MCA, Securities Regulation, and Title 33, MCA, Insurance.

Executive Budget Recommendation -

- Increase state special appropriation authority to pay for non-state rental space
- Address the legal workload requirements by adding 1.00 FTE attorney position

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 67.00 | 1.50 | 0.00 | 68.50 | 1.50 | 0.00 | 68.50 |
| Personal Services | 2,517,995 | 234,498 | 0 | 2,752,493 | 251,034 | 0 | 2,769,029 |
| Operating Expenses | 694,976 | 188,819 | 0 | 883,795 | 103,044 | 0 | 798,020 |
| Equipment | 0 | 15,655 | 0 | 15,655 | 15,655 | 0 | 15,655 |
| Total Costs | \$3,212,971 | \$438,972 | \$0 | \$3,651,943 | \$369,733 | \$0 | \$3,582,704 |
| General Fund | 1,006,595 | (649,650) | 0 | 356,945 | (650,937) | 0 | 355,658 |
| State/Other Special | 2,206,376 | 1,088,622 | 0 | 3,294,998 | 1,020,670 | 0 | 3,227,046 |
| Total Funds | \$3,212,971 | \$438,972 | \$0 | \$3,651,943 | \$369,733 | \$0 | \$3,582,704 |

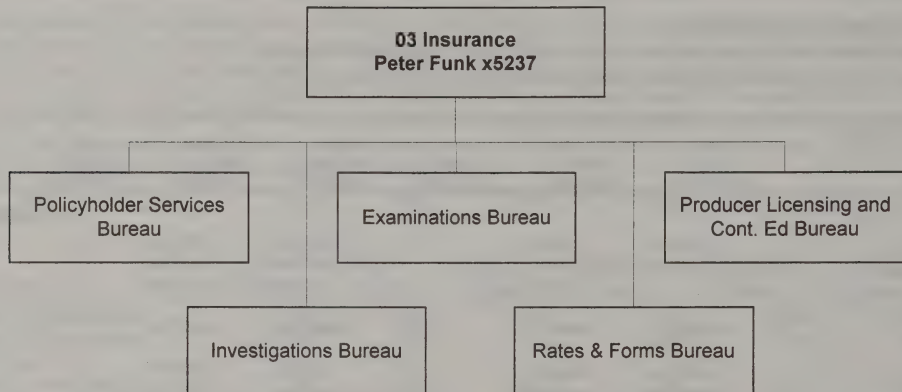
CENTRAL MANAGEMENT



Program Description - The Central Management Division is responsible for the administrative, personnel, budgeting, and accounting functions for the State Auditor's Office. The division also provides support to the auditor in fulfilling the duties as a member of the state land and hail insurance boards.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 9.50 | 0.50 | 0.00 | 10.00 | 0.50 | 0.00 | 10.00 |
| Personal Services | 332,473 | 76,442 | 0 | 408,915 | 78,921 | 0 | 411,394 |
| Operating Expenses | 91,019 | 35,957 | 0 | 126,976 | 27,154 | 0 | 118,173 |
| Total Costs | \$423,492 | \$112,399 | \$0 | \$535,891 | \$106,075 | \$0 | \$529,567 |
| General Fund | 152,416 | (152,416) | 0 | 0 | (152,416) | 0 | 0 |
| State/Other Special | 271,076 | 264,815 | 0 | 535,891 | 258,491 | 0 | 529,567 |
| Total Funds | \$423,492 | \$112,399 | \$0 | \$535,891 | \$106,075 | \$0 | \$529,567 |

INSURANCE



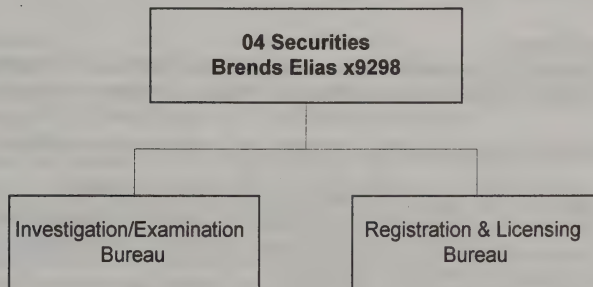
Program Description - The Insurance Division regulates the insurance industry in Montana. The Policyholder Services Bureau is responsible for resolving insurance consumer inquiries and complaints involving agents, coverage, and companies. The Examinations Bureau is responsible for monitoring the financial solvency of insurance companies, collecting premium taxes and company fees, and auditing insurance company annual statements. The Rates and Forms Bureau is responsible for reviewing form filings and rate filings to ensure compliance with the applicable insurance code. The Licensing Bureau is responsible for licensing and providing continuing education to insurance agents, agencies, and adjusters. The Investigations Bureau investigates insurance code and rule violations, including possible criminal violations, and refers cases to county attorneys for prosecution.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 46.00 | 0.50 | 0.00 | 46.50 | 0.50 | 0.00 | 46.50 |
| Personal Services | 1,804,457 | 102,364 | 0 | 1,906,821 | 113,298 | 0 | 1,917,755 |
| Operating Expenses | 507,730 | 125,795 | 0 | 633,525 | 55,006 | 0 | 562,736 |
| Equipment | 0 | 15,655 | 0 | 15,655 | 15,655 | 0 | 15,655 |
| Total Costs | \$2,312,187 | \$243,814 | \$0 | \$2,556,001 | \$183,959 | \$0 | \$2,496,146 |
| General Fund | 512,384 | (512,384) | 0 | 0 | (512,384) | 0 | 0 |
| State/Other Special | 1,799,803 | 756,198 | 0 | 2,556,001 | 696,343 | 0 | 2,496,146 |
| Total Funds | \$2,312,187 | \$243,814 | \$0 | \$2,556,001 | \$183,959 | \$0 | \$2,496,146 |

Significant Present Law Adjustments -

- Add 0.50 FTE attorney for insurance and securities workload
- Restrict insurance examination fees at \$107,234 in FY 2002 and \$52,234 in FY 2003

SECURITIES

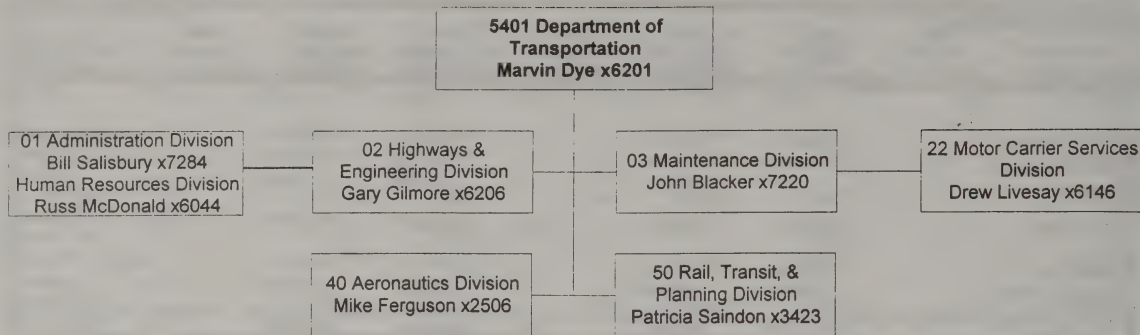


Program Description - The Securities Division is responsible for the administration and enforcement of the Securities Act of Montana and, in particular, for the registration of securities issuers, salespeople, broker-dealers, investment advisers, and investment adviser representatives. The division also is responsible for the investigation of unregistered and fraudulent securities transactions. The division has sole jurisdiction for investment advisor firms with assets of under \$25 million. The Investigations Bureau investigates securities code and rule violations, including possible criminal violations, and refers cases to county attorneys for prosecution.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 11.50 | 0.50 | 0.00 | 12.00 | 0.50 | 0.00 | 12.00 |
| Personal Services | 381,065 | 55,692 | 0 | 436,757 | 58,815 | 0 | 439,880 |
| Operating Expenses | 96,227 | 27,067 | 0 | 123,294 | 20,884 | 0 | 117,111 |
| Total Costs | \$477,292 | \$82,759 | \$0 | \$560,051 | \$79,699 | \$0 | \$556,991 |
| General Fund | 341,795 | 15,150 | 0 | 356,945 | 13,863 | 0 | 355,658 |
| State/Other Special | 135,497 | 67,609 | 0 | 203,106 | 65,836 | 0 | 201,333 |
| Total Funds | \$477,292 | \$82,759 | \$0 | \$560,051 | \$79,699 | \$0 | \$556,991 |

Significant Present Law Adjustments -

- Add 0.50 FTE attorney for insurance and securities workload
- Add \$12,000 restricted appropriation for securities examinations



Mission Statement - To serve the public by providing a transportation system and services that emphasize quality, safety, cost effectiveness, economic vitality and sensitivity to the environment.

Statutory Authority - Title 2, Chapter 15, part 25; and Titles 23 and 60, MCA; USC 134 and 135; Title 23, Chapter 1, CFR.

Executive Budget Recommendation –

- Implement Governmental Accounting Standards Board Standard 34 (GASB 34) for the department
- Design, implement, and maintain governmental electronic commerce for financial and related applications at the department
- Create an engineering oversight bureau to review, evaluate, and make recommendations to improve the highway construction process
- Increase preliminary survey support to address the survey needs of the department
- Implement the new mechanistic design procedure with additional staff in the Materials Bureau
- Reduce the department's pavement preservation program due to impacts from Legislative Referendum 115
- Maintain Secondary Roads throughout the State of Montana
- Provide quality assurance for weed control contracts with local governments
- Participate in the International Registration Plan which acts as a clearinghouse for interstate commercial vehicle fees collected by states
- Grant money to communities for airport safety and development
- Increase the number of community rest area programs and reinstate existing programs
- Enhance the department financial planning and program nomination process by implementing the Performance Programming Process
- Continue the Urban Planning Program for small urban areas in Montana

Language - The following language is recommended for HB 2:

"The department may adjust appropriations in the construction, maintenance, and transportation planning programs between state special and federal special revenue fund types if the total state special revenue authority for these programs is not increased by more than 10% of the total appropriations established by the legislature for each program. All transfers between fund types must be fully explained and justified by budget documents submitted to the office of budget and program planning, and all fund transfers of more than \$1 million in any 30 day period must be communicated to the legislative finance committee in a written report.

"All federal special revenue appropriations in the department are biennial."

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 2,116.66 | 62.14 | 48.00 | 2,226.80 | 65.80 | 49.25 | 2,231.71 |
| Personal Services | 80,918,034 | 10,852,406 | 1,680,608 | 93,441,853 | 11,374,333 | 1,738,517 | 94,030,884 |
| Operating Expenses | 321,866,888 | 39,075,699 | 2,540,477 | 363,483,064 | 47,828,045 | 1,819,803 | 371,514,736 |
| Equipment | 1,308,305 | 313,437 | 79,122 | 1,700,864 | (35,063) | 23,896 | 1,297,138 |
| Capital Outlay | 12,319,921 | 0 | 0 | 12,319,921 | 0 | 0 | 12,319,921 |
| Local Assistance | 250,000 | 0 | 0 | 250,000 | 0 | 0 | 250,000 |
| Grants | 6,253,311 | 1,680,403 | 0 | 7,933,714 | 1,090,294 | 0 | 7,343,605 |
| Transfers | 15,143 | 0 | 0 | 15,143 | 0 | 0 | 15,143 |
| Debt Service | 6,445 | 1,346 | 0 | 7,791 | 1,346 | 0 | 7,791 |
| Total Costs | \$422,938,047 | \$51,923,291 | \$4,300,207 | \$479,161,545 | \$60,258,955 | \$3,582,216 | \$486,779,218 |
| General Fund | 250,000 | 0 | 0 | 250,000 | 0 | 0 | 250,000 |
| State/Other Special | 179,411,483 | 22,403,401 | (26,329,106) | 175,476,583 | 22,980,131 | (25,532,793) | 176,858,821 |
| Federal Special | 243,276,564 | 29,519,890 | 30,629,313 | 303,425,767 | 37,269,591 | 29,115,009 | 309,661,164 |
| Total Funds | \$422,938,047 | \$51,923,291 | \$4,300,207 | \$479,161,545 | \$60,258,955 | \$3,582,216 | \$486,779,218 |

Working Capital Discussion –

A significant issue surrounding all discussions about the Department of Transportation budget is the working capital balance in the highway state special revenue fund (HSSR). Several sources contribute to the incoming revenues of the fund including G.V.W. fees, gas and diesel taxes, and miscellaneous revenues.

The HSSR formerly received revenue from the new car sales tax. HB 540 passed by the 1999 Legislature and modified by the May 2000 special session submitted a referendum to the electorate to eliminate the new car sales tax and implement a fee system for licensing vehicles. The November 2000 passage of Legislative Referendum 115 resulted in a loss of revenue to the department of approximately \$6.1 million each fiscal year. The Executive Budget includes a reduction in the Maintenance Division in the area of pavement preservation projects to offset the loss of revenue. In addition, new proposals in the Long-Range Building Program were reduced, and a proposal to increase maintenance of interstate rest areas was withdrawn.

The reductions required due to the referendum, along with the retirement of some bonds in FY 2003, will allow the HSSR account to maintain a positive working capital balance through FY 2006.

DEPARTMENT OF TRANSPORTATION

5401

Long Range Planning Document HIGHWAY STATE SPECIAL REVENUE ACCOUNT Department of Transportation and the Office of Budget and Program Planning November 2000

BEGINNING WORKING CAPITAL BALANCE

REVENUE

| | Actuals FY 96 | Actuals FY 97 | Actuals FY 98 | Actuals FY 99 | Actuals FY 00 | Budget FY 01 | Forecast FY 02 | Forecast FY 03 | Forecast FY 04 | Forecast FY 05 | Forecast FY 06 |
|-------------------------------------|------------------|------------------|------------------|------------------|------------------|-----------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| G.V.W. | 29,714,560 | 31,067,142 | 30,037,602 | 30,983,409 | 33,934,696 | 33,934,696 | 33,934,696 | 33,934,696 | 33,934,696 | 33,934,696 | 33,934,696 |
| Revised HB 540 | | | | | (55,638) | (55,638) | 1,112,154 | 1,112,154 | 1,112,154 | 1,112,154 | 1,112,154 |
| HB4 Special Session | | | | | (2,144,362) | (2,144,362) | (7,212,154) | (7,212,154) | (7,212,154) | (7,212,154) | (7,212,154) |
| Gas Tax | 120,288,186 | 122,918,069 | 121,558,453 | 120,093,956 | 124,679,120 | 125,614,182 | 126,556,289 | 127,505,461 | 128,461,752 | 129,425,215 | 130,395,904 |
| Fuel Tax Recovery & FTMA Crossmatch | | | | | 0 | 0 | 123,658 | 149,799 | 136,099 | 122,399 | 108,699 |
| Diesel Tax | 47,216,300 | 43,917,370 | 47,888,506 | 51,171,425 | 54,259,213 | 55,830,415 | 57,505,327 | 59,230,487 | 61,007,401 | 62,837,623 | 64,722,752 |
| SB 164 | | | | | (1,125,000) | (1,125,000) | 0 | 0 | 0 | 0 | 0 |
| Other | 2,817,082 | 3,817,089 | 1,907,467 | 9,055,951 | 6,266,231 | 6,266,231 | 6,266,231 | 6,266,231 | 6,266,231 | 6,266,231 | 6,266,231 |
| Interest Earnings | | | | | | | | | | | |
| TOTAL REVENUE | 200,036,128 | 201,719,670 | 201,392,028 | 211,304,741 | 218,014,260 | 218,320,524 | 218,286,201 | 220,986,674 | 223,706,179 | 226,486,164 | 229,328,282 |

AVAILABLE WORKING CAPITAL

| | | | | | | | | | | | |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | 234,776,618 | 243,630,196 | 240,641,340 | 259,771,190 | 266,988,732 | 241,862,747 | 232,927,188 | 225,643,745 | 225,374,158 | 229,136,152 | 232,053,320 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|

EXPENDITURES

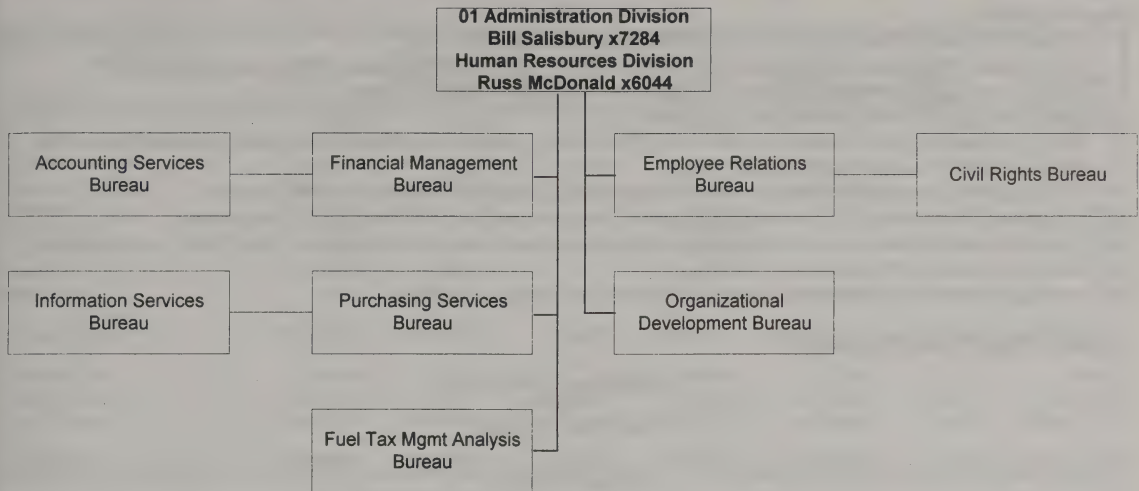
| | | | | | | | | | | | |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| General Operations | 10,666,091 | 11,529,597 | 11,230,602 | 12,375,269 | 14,035,038 | 14,558,830 | 17,779,354 | 17,425,412 | 17,070,102 | 17,538,629 | 18,021,211 |
| Construction | 37,442,466 | 43,704,744 | 43,493,853 | 52,991,723 | 77,383,573 | 55,910,097 | 62,036,744 | 64,647,570 | 61,613,092 | 61,667,768 | 61,665,798 |
| Construction State Match Budget Amendment | | | | | | 4,000,000 | | | | | |
| State Funded Construction (RTF) | 27,031,696 | 31,685,230 | 21,514,124 | 20,674,185 | 13,507,560 | 18,516,351 | 10,003,932 | 10,000,000 | 13,000,000 | 13,000,000 | 13,000,000 |
| State Funded Funding Adjustment | | | | | | (6,639,348) | | | | | |
| Maintenance | 62,094,347 | 63,914,509 | 67,188,133 | 68,576,673 | 69,930,872 | 79,608,356 | 82,203,219 | 82,533,372 | 79,241,373 | 81,618,614 | 84,067,172 |
| Maintenance Reduction | | | | | | (5,600,000) | (5,600,000) | (5,600,000) | | | |
| Motor Carrier Services | 4,218,848 | 4,377,360 | 4,482,676 | 4,601,324 | 4,823,500 | 5,002,278 | 5,039,123 | 5,066,982 | 5,207,119 | 5,361,764 | 5,521,048 |
| Transportation Planning | 950,000 | 1,445,864 | 1,019,547 | 769,088 | 1,560,620 | 1,576,013 | 2,354,645 | 1,831,934 | 1,707,871 | 1,771,957 | 1,803,456 |
| Pay Plan 4% All Programs w/ benefits | | | | | | | 2,705,030 | 5,943,633 | 5,943,633 | 5,943,633 | 5,943,633 |
| Local Government | 16,666,000 | 16,766,000 | 16,766,000 | 16,766,000 | 16,766,000 | 16,766,000 | 16,766,000 | 16,766,000 | 16,766,000 | 16,766,000 | 16,766,000 |
| Bond Principal and Interest | 15,660,121 | 15,324,184 | 15,213,921 | 13,690,865 | 13,536,080 | 13,935,352 | 13,936,852 | 3,798,551 | 0 | 0 | 0 |
| Equipment - Contribute Capital | 0 | 0 | 0 | 0 | 4,342,201 | 8,761,898 | 0 | 0 | 0 | 0 | 0 |
| Dept of Justice | 15,302,281 | 15,682,209 | 15,838,664 | 15,770,267 | 16,397,702 | 17,252,851 | 18,103,751 | 18,373,767 | 18,924,980 | 19,492,729 | 20,077,511 |
| Fish Wildlife & Parks | 167,389 | 528,358 | 1,175,418 | 845,359 | 484,635 | 671,831 | 441,467 | 698,545 | 750,000 | 750,000 | 750,000 |
| A & E | 1,626,510 | 1,724,340 | 987,187 | 1,810,937 | 1,897,948 | 2,225,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 | 2,500,000 |
| Other Agencies (Health, Legislative) | 45,484 | 99,166 | 9,137 | | | | | | | | |
| Other Expenditures | 694,859 | (2,400,677) | (6,744,371) | 1,925,029 | 8,780,781 | (4,923,749) | 0 | 0 | 0 | 0 | 0 |
| TOTAL EXPENDITURES | 192,866,092 | 204,380,884 | 192,174,891 | 210,796,718 | 243,446,509 | 227,221,760 | 228,270,117 | 223,975,766 | 222,724,170 | 226,411,114 | 230,115,829 |

ENDING WORKING CAPITAL BALANCE

| | | | | | | | | | | | |
|--|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|
| | 41,910,526 | 39,249,312 | 48,466,449 | 48,974,472 | 23,542,223 | 14,840,987 | 4,657,071 | 1,667,979 | 2,649,988 | 2,725,038 | 1,937,491 |
|--|------------|------------|------------|------------|------------|------------|-----------|-----------|-----------|-----------|-----------|

**DEPARTMENT OF TRANSPORTATION
GENERAL OPERATIONS PROGRAM**

**5401
01**



Program Description - The General Operations Program administers motor fuel taxes and provides administrative support services for the department, including general administration and management; accounting and budgeting; public affairs; information technology services; human resources activities; compliance review; and goods and services procurement. The General Operations Program is authorized by 2-15-2501(3), MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 151.27 | 0.00 | 11.00 | 162.27 | 0.00 | 12.00 | 163.27 |
| Personal Services | 5,899,056 | 668,991 | 420,644 | 6,988,691 | 714,944 | 455,457 | 7,069,457 |
| Operating Expenses | 7,926,923 | 2,999,619 | 542,191 | 11,468,733 | 2,914,695 | 488,378 | 11,329,996 |
| Equipment | 172,010 | 294,937 | 7,200 | 474,147 | (60,063) | 0 | 111,947 |
| Grants | 75,606 | (606) | 0 | 75,000 | (606) | 0 | 75,000 |
| Debt Service | 750 | 1,346 | 0 | 2,096 | 1,346 | 0 | 2,096 |
| Total Costs | \$14,074,345 | \$3,964,287 | \$970,035 | \$19,008,667 | \$3,570,316 | \$943,835 | \$18,588,496 |
| State/Other Special | 13,356,684 | 3,427,562 | 970,035 | 17,754,281 | 3,099,741 | 943,835 | 17,400,260 |
| Federal Special | 717,661 | 536,725 | 0 | 1,254,386 | 470,575 | 0 | 1,188,236 |
| Total Funds | \$14,074,345 | \$3,964,287 | \$970,035 | \$19,008,667 | \$3,570,316 | \$943,835 | \$18,588,496 |

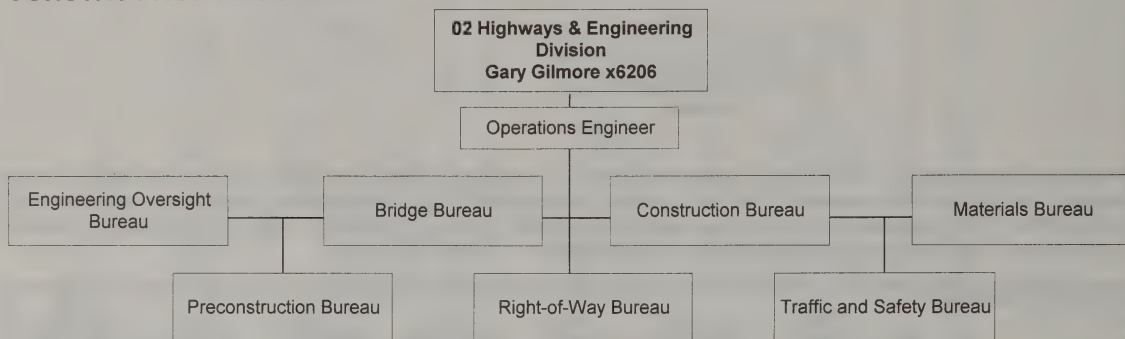
Significant Present Law Adjustments -

- Provide the department with additional servers and networking capability
- Replace 25 percent of department personal computers and laser printers each year
- Contract for development work on information technology related projects
- Implement the hazardous materials communications program and train staff
- Purchase software not covered by the ISD network rate
- Continue the contract with Lockheed Martin - IMS to provide services and system support to MDT for Montana Tax and Revenue System (MOTRS)
- Conduct specialized EEO and ADA training for the department administrative staff and Transportation Commission
- Reduce the evasion of motor fuel and other highway use taxes

New Proposals -

- Expand information technology staff to accommodate increased workload
- Cross-match motor fuel tax returns with information filed to determine whether all motor fuel reported sold to Montana licensed distributors was reported and that the motor fuel tax was paid
- Detect fuel tax fraud and evasion across Montana
- Design, implement, and maintain Governmental Electronic Commerce for financial and related applications at the Montana Department of Transportation
- Hire additional administrative support for the Disadvantaged Business Enterprise (DBE) program
- Implement Governmental Accounting Standards Board Standard 34 (GASB 34) for the Department
- Add a contracts officer to accommodate the additional workload due to the department taking over maintenance of secondary roads in the state
- Investigate irregularities relative to contract administration and fuel tax fraud

CONSTRUCTION PROGRAM



Program Description - The Construction Program is responsible for construction project planning and development from the time a project is included in the long-range work plan through the actual construction of the project. Program responsibilities include such tasks as project design, environmental documents and permits, right-of-way acquisitions, issuing contract bids, awarding contracts, and administering construction contracts. Contract administration is the documentation, inspection, and testing of highway construction projects from the time the contract is awarded to a private contractor until the project is completed and the work approved as meeting established construction standards. The program also provides traffic improvement and educational programs to promote public safety, health, and welfare. The Construction Program is mandated by 2-15-2501(1), MCA; Title 60, MCA; and 23 USC 116.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Percentage of all projects finished within 120 days of certificate of completion | 16.7% | 5.3% | 11.0% | 50.0% | 85.0% | 85.0% |
| Develop plans for and let 85% of planned fiscal year projects | N/A | N/A | 88.2% | 85.0% | 85.0% | 85.0% |
| Maintain statewide average construction engineering costs under 8.5% of total contract costs | 8.1% | 8.1% | 7.95% | 8.2% | 8.5% | 8.5% |
| Maintain statewide final costs under 10% above award amount | 4.2% | 3.7% | 1.4% | 2.5% | 2.5% | 2.5% |

**DEPARTMENT OF TRANSPORTATION
CONSTRUCTION PROGRAM**

**5401
02**

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 1,055.23 | (2.21) | 33.00 | 1,086.02 | 1.45 | 34.00 | 1,090.68 |
| Personal Services | 41,389,329 | 3,296,769 | 1,149,121 | 45,835,219 | 3,561,164 | 1,189,866 | 46,140,359 |
| Operating Expenses | 270,122,733 | 28,760,997 | 540,588 | 299,424,318 | 38,027,426 | 315,594 | 308,465,753 |
| Equipment | 934,442 | 0 | 0 | 934,442 | 15,000 | 0 | 949,442 |
| Capital Outlay | 12,253,537 | 0 | 0 | 12,253,537 | 0 | 0 | 12,253,537 |
| Local Assistance | 250,000 | 0 | 0 | 250,000 | 0 | 0 | 250,000 |
| Grants | 2,834,614 | 626,901 | 0 | 3,461,515 | 626,901 | 0 | 3,461,515 |
| Debt Service | 5,695 | 0 | 0 | 5,695 | 0 | 0 | 5,695 |
| Total Costs | \$327,790,350 | \$32,684,667 | \$1,689,709 | \$362,164,726 | \$42,230,491 | \$1,505,460 | \$371,526,301 |
| General Fund | 250,000 | 0 | 0 | 250,000 | 0 | 0 | 250,000 |
| State/Other Special | 90,693,250 | 6,637,746 | (25,290,320) | 72,040,676 | 8,093,495 | (24,139,175) | 74,647,570 |
| Federal Special | 236,847,100 | 26,046,921 | 26,980,029 | 289,874,050 | 34,136,996 | 25,644,635 | 296,628,731 |
| Total Funds | \$327,790,350 | \$32,684,667 | \$1,689,709 | \$362,164,726 | \$42,230,491 | \$1,505,460 | \$371,526,301 |

Significant Present Law Adjustments -

- Contract for legal services and expert witnesses in contract claims cases
- Reauthorize the wetlands program for mitigation of impacts on wetlands from highway construction projects
- Receive staff training in traffic signal design
- Provide ongoing maintenance and support for CADD and photogrammetry software
- Adjust budget for accounting changes recommended by the Legislative Auditor
- Increase contractor payments for anticipated construction projects
- Conduct additional research with increased federal research dollars

New Proposals -

- Create an engineering oversight bureau to review, evaluate, and make recommendations to improve the highway construction process
- Increase preliminary survey support to address the survey needs of the department
- Perform additional right-of-way duties required due to expanded federal-aid construction program
- Add traffic engineering staff to address traffic related design and support issues in the department
- Purchase traffic accident analysis software for the safety management section
- Expand legal services staff due to increased federal aid program
- Support specialized pavement analysis and research software with additional staff
- Implement the new mechanistic design procedure with additional staff in the Materials Bureau
- Adjust funding from state special revenue to federal special revenue

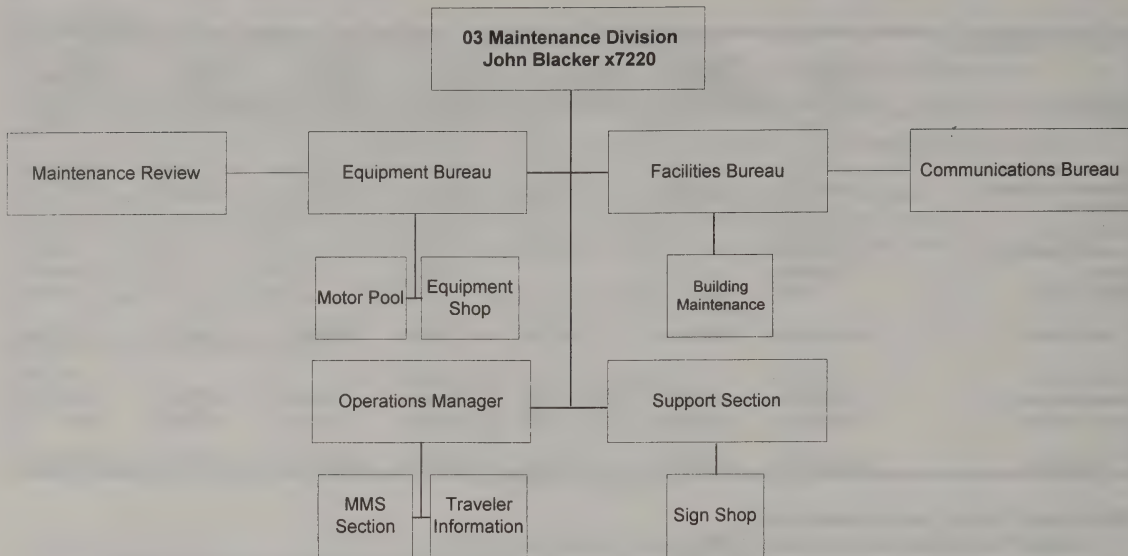
Language - The following language is recommended for HB 2:

"Item 2 includes a total of \$63,690 for the 2003 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library up to the total amount appropriated."

"All construction program appropriations are biennial."

**DEPARTMENT OF TRANSPORTATION
MAINTENANCE PROGRAM**

**5401
03**



Program Description - The Maintenance Program provides for repairs and preventive maintenance of state highways and the various signs and structures within the highway right-of-way. Winter plowing and sanding and year-round repairs to the state highway system are the responsibility of the staff in the Maintenance Program. The Maintenance Program is authorized by 2-15-2501(1), MCA; Title 60, MCA; and 23 USC 116.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001* | Requested FY2002* | Requested FY2003* |
|---|------------------|------------------|------------------|----------------------|----------------------|----------------------|
| Miles of road plowed during Winter Maintenance | 2,000,000 | 3,067,406 | 2,151,278 | 2,800,000 | 3,000,000 | 3,000,000 |
| Square yards of Chipseal on Montana highways | 6,100,000 | 6,407,822 | 6,780,238 | 6,200,000 | 7,000,000 | 7,000,000 |
| Miles of 4" stripes applied to Montana highways | 14,817 | 17,272 | 14,000 | 14,000 | 17,000 | 17,000 |

*Includes Secondary Roads takeover – SB 333.

**DEPARTMENT OF TRANSPORTATION
MAINTENANCE PROGRAM**

**5401
03**

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 717.93 | 64.35 | 1.00 | 783.28 | 64.35 | 1.00 | 783.28 |
| Personal Services | 26,665,520 | 6,533,126 | 28,401 | 33,227,047 | 6,705,842 | 28,498 | 33,399,860 |
| Operating Expenses | 42,079,789 | 5,693,598 | 394,660 | 48,168,047 | 5,919,964 | 373,660 | 48,373,413 |
| Equipment | 160,428 | 0 | 71,922 | 232,350 | 0 | 23,896 | 184,324 |
| Capital Outlay | 66,384 | 0 | 0 | 66,384 | 0 | 0 | 66,384 |
| Total Costs | \$68,972,121 | \$12,226,724 | \$494,983 | \$81,693,828 | \$12,625,806 | \$426,054 | \$82,023,981 |
| State/Other Special | 68,159,583 | 10,810,769 | (2,367,133) | 76,603,219 | 11,209,851 | (2,436,062) | 76,933,372 |
| Federal Special | 812,538 | 1,415,955 | 2,862,116 | 5,090,609 | 1,415,955 | 2,862,116 | 5,090,609 |
| Total Funds | \$68,972,121 | \$12,226,724 | \$494,983 | \$81,693,828 | \$12,625,806 | \$426,054 | \$82,023,981 |

Significant Present Law Adjustments -

- Maintain Secondary Roads throughout the State of Montana
- Employ additional staff for peak seasonal maintenance work
- Provide road condition, construction and load limit information about Montana roadways to the traveling public
- Reduce the department's pavement preservation program due to impacts from Legislative Referendum 115
- Administer cleaning contracts for non-interstate rest areas
- Rent additional office space in the private sector for the Transportation Planning Division

New Proposals -

- Purchase two-way radio equipment for department staff
- Adjust funding from state special revenue to federal special revenue
- Supply two Maintenance areas with modern effective communications equipment
- Provide quality assurance for weed control contracts with local governments
- Contract with the private sector to provide repair and maintenance on highway lighting

Language – The following language is recommended for HB 2:

"All maintenance program appropriations are biennial."

Proprietary Rates

Program Description -The State Motor Pool operates and maintains a fleet of vehicles available to all state offices and employees to conduct official state business. The State Motor Pool has two basic components - the daily rental fleet and the out-stationed lease fleet. The daily rental program operates out of the Helena headquarters facility and provides vehicles for short-term use. The leasing program provides vehicles for extended assignment to agencies statewide. The program has 6.00 FTE.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of vehicles maintained and provided for state employee use | 389 | 481 | 616 | 655 | 774 | 834 |

Revenues and Expenses -

Change in Services or Fees. There have been no significant changes in the current services provided by the State Motor Pool Program. There is a projected increase in fleet size and mileage as the program continues to expand to service a wide variety of customer agencies. The program has increased from 197 units in FY 1994 to 640 in FY 2000. During that time, mileage increased from 4.1 million to 10.2 million miles, and the program projects an additional 2.5 million miles by the end of FY 2003. The motor pool is responsible for expenditures associated with the acquisition, repair, maintenance, and routine operating costs of a fleet of approximately 640 vehicles. The operating costs and revenues for the fleet are functionally tied to the travel requirements of the various user agencies.

Working Capital Discussion. The program uses loans from the Board of Investments (BOI) to fund vehicle purchases. The interest rates on BOI loans are adjusted annually and vary from one purchase cycle to the next. The outstanding loan balance and the interest and principal payments have the greatest impacts on motor pool rental rates. Rental rates are set to recover sufficient revenue to meet loan principal and interest payments, operating costs, and maintain no more than a 60-day working capital balance. If the program does not generate sufficient revenue to make interest and principal payments, assets would have to be sold.

Cash Flow Discussion. Revenue is generated through rental rates and the sales of surplus assets. The majority of the program revenue is from vehicle rental rates. The motor pool also receives revenue for accident damages that are reimbursed by private individuals or insurance companies. The amount generally covers the expenditures to repair the damage. The motor pool is obligated to pay interest and the principle payment for the loan from BOI for the acquisition of the vehicles.

Rate Explanation -The motor pool rental rates are based on a "dual rate" structure, meaning the users will reimburse the program for actual miles driven (usage rate) and a possession rate (assigned time rate). The dual rate structure was instituted to ensure adequate revenue to make loan payments and meet all obligations, while ensuring that all vehicles pay a fair share with no vehicle class subsidizing another class.

The usage rate is a per mile rate that is designed to recover "direct operation costs" such as repair labor and parts, fuel, lubricants, tires, and tubes. The assigned rate is a possession rate that is designed to recover "fixed costs" such as insurance, interest, principal payment, depreciation, and indirect expenses.

Due to the "dual rate" structure, there will be changes in the rates, both upward and downward, depending on the vehicle class.

New Proposals -

- Implement a new system to incorporate and diversify three old computer systems currently being used by the Motor Pool and Equipment Programs
- Develop and implement a system for users to reserve motor pool vehicles by phone.

Language Recommendations – The following language is recommended for HB2:

"The motor pool program may charge rates necessary to establish and maintain a 60-day working capital balance to operate the program."

Proprietary Rates

Program Description -The Equipment Program is responsible for the acquisition, disposal, and repair and maintenance of a fleet of approximately 4,000 individual units used by the Department of Transportation. The fleet is comprised of light duty vehicles, single and tandem axle dump trucks, specialized snow removal units, roadway maintenance units, and other specialized equipment. The program has 120.00 FTE.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of units maintained and provided for MDT use | 4,039 | 4,169 | 4,282 | 4,360 | 4,429 | 4,429 |

Revenues and Expenses -

Change in Services or Fees. The Equipment Program fleet size will increase over the 2003 biennium due to the department taking over maintenance of secondary roads. Revenue generated by the program supports the operating costs associated with the fleet. The program is requesting 2.00 FTE due to the increase in fleet size. Operation costs and revenue for the fleet are functionally tied to the severity of the winter, construction program workload, and travel requirements of the various department users. Annual mileage and hours of usage can vary significantly. The program anticipates an increase in miles of travel and hours of usage due to the secondary road program. Additional funding will be used to cover anticipated increased expenditures for fuel, cutting edges for snowplows, and repair parts that are a result of the increased usage. The program rental rates will be sufficient to recover revenue to meet program obligations.

Working Capital Discussion. The program rental rates are set to recover sufficient revenue to purchase assets, cover normal operating expenses, and maintain no more than a 60-day working capital balance. Revenue is generated through rental rates, sale of surplus assets, and damage settlements. The primary source of revenue is from user rental rates charged for the use and possession of vehicles and equipment. The program rental rates are based on a "dual rate" structure. Users will reimburse the program for actual miles driven (usage rate) and a possession rate (assigned rate). Actual miles of travel and hours of usage are reported biweekly and billings are generated on the same schedule as payrolls. Approximately \$650,000 in rental revenue is generated every two weeks. Rental revenue varies with the season, weather conditions, and workloads. Auction revenue varies depending number and types of units being sold. The program also receives incidental revenue for accident damages that are reimbursed by private individuals or insurance companies. The amount generally covers the expenditures to repair the damage. If the program doesn't generate sufficient revenue to meet these obligations, then the program would have to either liquidate assets or receive a loan.

Cash Flow Discussion. The Equipment Program is internal to the Department of Transportation only. The cash flow is dependent on the rental revenue received and on the auction proceeds of fleet units sold. Rental revenue varies with the season, weather conditions, and workloads. If there is a light winter season, there is low usage on the equipment, which generates little revenue. If there is a heavy winter season, there is high usage on the equipment and additional rental is received on the equipment. The program cash balance is generally less than the allowable 60-day maximum. With less than 60-day cash, the program does not have sufficient cash to cover obligations that must be paid at the beginning of each fiscal year. To meet those obligations, the program negotiates an inter-entity loan from the Construction Program. The loan covers day-to-day operating expenses and the annual insurance payment until revenues have a chance to catch up with expenses. The loan is repaid by fiscal year end. The program rental rates will generate sufficient revenue to purchases assets, cover normal operating expenses, and not exceed the 60-day operating cash balance.

Rate Explanation -The program rental rates are based on a "dual rate" structure. The users will reimburse the program for actual miles/hours of usage (usage rate) and a rate for possession of a vehicle or piece of equipment (assigned rate).

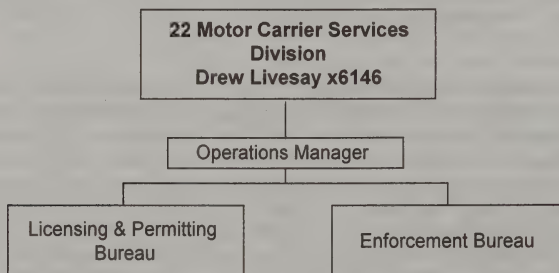
The usage rate is a per mile or hourly rate that is applied to a vehicle or piece of equipment for the actual miles/hours used and is designed to recover "direct costs" that include labor, parts, fuel, lubricants, tires, and tubes. The assigned rate is designed to recover "fixed costs" such as insurance, loan repayment, depreciation, indirect cost, etc. Rental rates are adjusted yearly. The rates are based on the actual operational costs for each subclass for the base rental period. These costs are adjusted to reflect changes in operations or operating costs from the base. The financial position of the program is also considered in the rate development process in order to maintain a cash balance that will not exceed the 60-day maximum cash balance requirement.

New Proposals -

- Implement a new system to incorporate and diversify three old computer systems currently being used by the Motor Pool and Equipment Programs
- Add 2.00 FTE to maintain increased vehicle and equipment requirements

Language Recommendations – "The equipment program may charge rates necessary to establish and maintain a 60-day working capital balance to operate the program."

MOTOR CARRIER SERVICES DIV.



Program Description - The Motor Carrier Services Division enforces state and federal commercial motor carrier laws including laws on vehicle size and weight, insurance, licensing, fuel, and vehicle and driver safety. The Licensing and Permit Bureau registers interstate fleet vehicles, issues commercial vehicle licenses, issues oversize/overweight permits, and collects and distributes fees and taxes. The Enforcement Bureau operates a statewide weigh station and mobile enforcement program and assigns uniformed officers to inspect commercial vehicles for compliance with state and federal safety, registration, fuel, insurance and size/weight laws. The Motor Carrier Services Program is mandated by Title 61, Chapter 9, MCA.

Program Indicators -

| Indicator | Actual SFY1998 | Actual SFY1999 | Actual SFY2000 | Estimated SFY2001 | Requested SFY2002 | Requested SFY2003 |
|-----------------------------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| Service and enforcement contacts* | 115,051 | 132,649 | 130,614 | 130,600 | 128,002 | 126,043 |
| Trucks weighed | 661,071 | 680,286 | 559,539 | 462,567 | 462,567 | 462,567 |

* A contact includes issuing oversize/overweight permits, performing commercial vehicle and driver safety inspections, issuing citations, taking commercial vehicle samples, and weighing trucks.

**DEPARTMENT OF TRANSPORTATION
MOTOR CARRIER SERVICES DIV.**

**5401
22**

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 112.63 | 0.00 | 0.00 | 112.63 | 0.00 | 0.00 | 112.63 |
| Personal Services | 3,958,614 | 158,627 | 0 | 4,117,241 | 181,505 | 0 | 4,140,119 |
| Operating Expenses | 839,889 | 62,793 | 19,200 | 921,882 | 63,974 | 13,000 | 916,863 |
| Total Costs | \$4,798,503 | \$221,420 | \$19,200 | \$5,039,123 | \$245,479 | \$13,000 | \$5,056,982 |
| State/Other Special | 4,798,503 | 221,420 | 19,200 | 5,039,123 | 245,479 | 13,000 | 5,056,982 |
| Total Funds | \$4,798,503 | \$221,420 | \$19,200 | \$5,039,123 | \$245,479 | \$13,000 | \$5,056,982 |

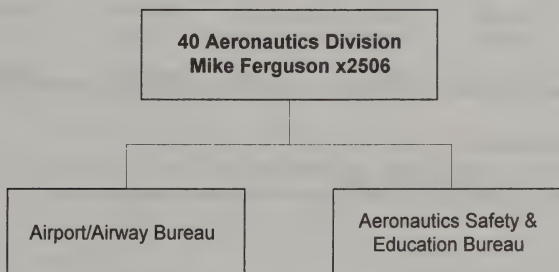
Significant Present Law Adjustments -

- Maintain and repair truck scales used in the Motor Carrier Services Program

New Proposals -

- Participate in the International Registration Plan which acts as a clearinghouse for interstate commercial vehicle fees collected by states
- Provide laptop computers for Mobile Officer Vehicle Enforcement Program

AERONAUTICS PROGRAM



Program Description - The Montana Aeronautics Division: 1) facilitates the maintenance of airports and the various components of airport infrastructure, including visual and electronic navigational facilities and flying aids; 2) fosters, promotes, and supervises aviation and aviation safety through educational efforts and programs; 3) registers aircraft and pilots in accordance with Montana laws and regulations; and 4) coordinates and supervises aerial search and rescue operations. In accordance with the maintenance and safety aspects of the division's purpose, it administers a loan and grant program to municipal governments to fund airport improvement projects. The Aeronautics Board approves all loan and grant requests and advises on matters pertaining to aeronautics.

The division serves in a liaison capacity between the State of Montana and various entities including the U.S. Department of Transportation, the Federal Aviation Administration (FAA), other federal and state entities, and commercial airlines to assure the retention and continuation of airline service to the rural communities of the state. The division also is responsible for operation of the air carrier airport at West Yellowstone and for 12 other state-owned airports. Montana Aeronautics Division is authorized by 2-15-2501(2), MCA; Title 67, MCA; and various federal laws.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Pilots registered | 2,488 | 2,496 | 2,500 | 2,550 | 2,600 | 2,600 |
| Aircraft registered | 3,132 | 3,200 | 3,200 | 3,250 | 3,300 | 3,300 |
| Search and Rescue incidences | 93 | 95 | 81 | 95 | 95 | 95 |
| Loans administered | 5 | 5 | 1 | 4 | 5 | 5 |
| Grants distributed | 9 | 11 | 5 | 13 | 14 | 14 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 10.00 | 0.00 | 0.00 | 10.00 | 0.00 | 0.00 | 10.00 |
| Personal Services | 377,421 | 33,363 | 0 | 401,589 | 34,906 | 0 | 412,327 |
| Operating Expenses | 324,931 | 65,851 | 0 | 390,782 | 90,267 | 0 | 415,198 |
| Equipment | 1,105 | 18,500 | 0 | 19,605 | 10,000 | 0 | 11,105 |
| Grants | 58,550 | 641,450 | 0 | 700,000 | (58,550) | 0 | 0 |
| Transfers | 15,143 | 0 | 0 | 15,143 | 0 | 0 | 15,143 |
| Total Costs | \$777,150 | \$759,164 | \$0 | \$1,536,314 | \$76,623 | \$0 | \$853,773 |
| State/Other Special | 712,150 | 738,664 | 0 | 1,450,8149 | 56,123 | 0 | 768,273 |
| Federal Special | 65,000 | 20,500 | 0 | 85,500 | 20,500 | 0 | 85,500 |
| Total Funds | \$777,150 | \$759,164 | \$0 | \$1,536,314 | \$76,623 | \$0 | \$853,773 |

Significant Present Law Adjustments -

- Grant money to communities for airport safety and development
- Provide grants to air-carrier airports to assist with pavement preservation projects

Proprietary Rates

Program Description -The West Yellowstone Airport provides a fly-in gateway to the town of West Yellowstone, Yellowstone Park, and surrounding US Forest Service area recreational opportunities. The airport is seasonal in its operation matching the peak tourist demand of the area from June 1st to September 30th annually. The airport serves as an Inter-Agency Fire Control Center with both smoke jumpers and fire retardant bombers located at the airport. The airport accomplishes these missions with extensive facilities to accommodate aircraft that range in size from C-5 Galaxy to Cessna 172, general aviation type aircraft.

Facilities are a terminal building that has as tenants a café, gift shop, two car rental agencies, fixed based operation (FBO) serving general aviation, and Skywest Airlines. The airport has an 8,399' X 150' runway with full parallel taxiway. The airport is fully instrumented for landings in inclement weather. Additionally, the airport has a crash fire rescue building with a crash fire rescue truck for airport emergencies. The airport is certified by the Federal Aviation Administration in the Limited Operating Class category.

Fees for provided services are market based. There are no increases planned in the 2003 biennium for landing fees, building fees, fuel flowage fees, sales receipts, and non-aero rentals.

The West Yellowstone Airport is funded with an enterprise proprietary fund. There are 1.29 FTE budgeted to this fund.

Revenues and Expenses -

Change in Services or Fees. No change in services or fees will occur in the 2003 biennium.

Working Capital Discussion. Annual expenses at the airport average \$80,000/year. Based on this history, the fund must maintain a balance of \$14,000 to comply with the 60-day expense formula.

Fund Equity and Reserved Fund Balance. The West Yellowstone Airport proprietary fund balance continues to increase. Management objectives are to continue to increase the fund balance.

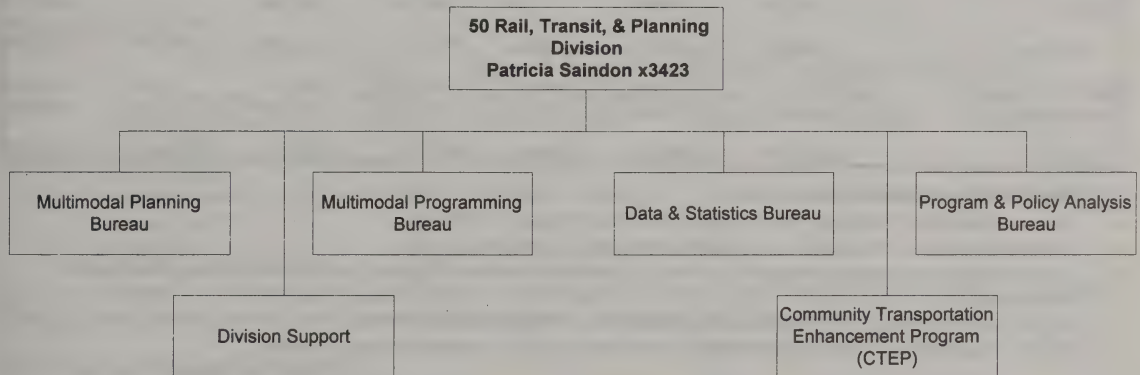
Cash Flow Discussion. There is no fluctuation of cash into the program. A steady increase in the fund balance continues each year. There is not any significant reoccurring cash obligations that must be covered by cash on hand or loans.

Rate Explanation -Fees for provided services are market based. There are no increases planned in the 2003 biennium for landing fees, building fees, fuel flowage fees, sales receipts, and non-aero rentals.

Significant Present Law -

- Implement West Yellowstone Airport certification and terminal upgrades

TRANSPORTATION PLANNING DIVISION



Program Description - The Rail, Transit and Planning Division provides: 1) an inventory of transportation infrastructure to allocate funds, maintain Department of Transportation eligibility for grant and federal funds, and aid the process of project prioritization and selection; 2) a statewide planning program and assistance to local area transportation planning; and 3) response to legislative or regulatory actions necessitating representation before courts, congressional hearings, the US DOT, the Surface Transportation Board, and others. This planning results in a program of projects which includes buses for transit systems, street and highway improvements, railroad track rehabilitation, transportation enhancements for non-motorized use and beautification improvements. The division is authorized by 7-14-102, 15-70-101, Title 60, Chapters 3 & 11, and Title 61, Chapter 2, part 1, MCA.

**DEPARTMENT OF TRANSPORTATION
TRANSPORTATION PLANNING DIVISION**

**5401
50**

Program Indicators --

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Federal aid resources for Montana which lapsed and were made available to other states | 0% | 0% | 0% | 0% | 0% | 0% |
| High priority goals and objectives in the DOT long-range plan which progressed significantly or were completed | 93% | 95% | 95% | 96% | 96% | 97% |

| Program Proposed Budget | | | | | | | |
|--------------------------------|--|---|--|---|---|--|---|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 69.60 | 0.00 | 3.00 | 72.60 | 0.00 | 2.25 | 71.85 |
| Personal Services | 2,628,094 | 161,530 | 82,442 | 2,872,066 | 175,972 | 64,696 | 2,868,762 |
| Operating Expenses | 572,623 | 1,492,841 | 1,043,838 | 3,109,302 | 811,719 | 629,171 | 2,013,513 |
| Equipment | 40,320 | 0 | 0 | 40,320 | 0 | 0 | 40,320 |
| Grants | 3,284,541 | 412,658 | 0 | 3,697,199 | 522,549 | 0 | 3,807,090 |
| Total Costs | \$6,525,578 | \$2,067,029 | \$1,126,280 | \$9,718,887 | \$1,510,240 | \$693,867 | \$8,729,685 |
| State/Other Special | 1,691,313 | 567,240 | 339,112 | 2,597,665 | 284,675 | 85,609 | 2,061,597 |
| Federal Special | 4,834,265 | 1,499,789 | 787,168 | 7,121,222 | 1,225,565 | 608,258 | 6,668,088 |
| Total Funds | \$6,525,578 | \$2,067,029 | \$1,126,280 | \$9,718,887 | \$1,510,240 | \$693,867 | \$8,729,685 |

Significant Present Law Adjustments -

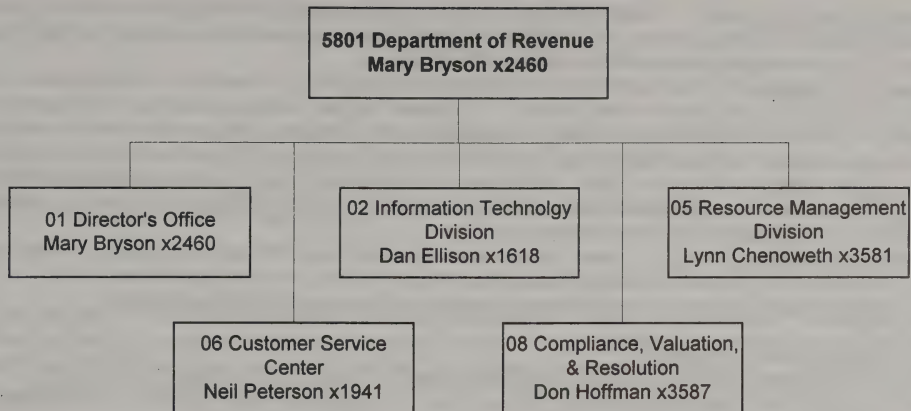
- Continue the Urban Planning Program for small urban areas in Montana
- Improve the bicycle and pedestrian facilities within the City of Great Falls
- Design statistical gathering software and hire a consultant to assist in highway performance data collection and database update
- Adjust budget for accounting changes recommended by the Legislative Auditor
- Expand Transportation Planning activities due to future TEA-21 federal funding increases

New Proposals -

- Enhance the department financial planning and program nomination process by implementing the Performance Programming Process
- Develop the Planning Processes/Requirements for conforming to the new TEA-21 planning regulations
- Complete the Statewide Truck Activity Reporting System (STARS) program projects
- Conduct the TranPlan 21 Public Involvement Survey
- Increase the number of community rest area programs and reinstate existing programs
- Adjust funding from state special revenue to federal special revenue

Language – The following language is recommended for HB 2:

"All appropriations in the transportation planning program are biennial."



Mission Statement - To be a service-oriented and accountable organization where customers and employees are treated with courtesy, respect, and fairness; and where effective revenue, compliance, and collection services are provided to the public and to other governmental units in a fast, accurate, and cost effective manner.

Statutory Authority - Titles 2, 15, 16, 39, MCA

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Individual income tax returns filed electronically* | 26,258 | 37,602 | 56,411 | 90,400 | 122,950 | 155,650 |
| Individual Income Tax returns filed by TELEFILE | 19,724 | 21,698 | 20,663 | 24,000 | 28,000 | 32,000 |

NOTE: FY 1999 – FY 2003 figures identified above are actually “Calendar Year 1999 – 2003” figures. The Actual FY 2000 column reflects calendar year figures for year 2000 from January through September.

Non-Financial Program Indicators

| Indicator | Actual 1998 | Actual 1999 | Projected 2000 | Projected 2001 | Projected 2002 | Projected 2003 |
|-------------------------------------|----------------|-----------------|-------------------|-------------------|-------------------|-------------------|
| 1. Customer Service Call Center | NA | 70% | 84% | 85% | 85% | 85% |
| 2. Timeliness of Refunds | 45 Days | 45 Days | 46 Days | 45 Days | 42 Days | 40 Days |
| 3. Electronically Filed Tax Returns | 26,258 | 59,300 (14%) | 77,074 (19%) | 28% | 37% | 46% |

NOTE: This table represents “calendar year” statistics. The figures and percentages identified above are (averages) based on weekly or monthly statistics

1. Customer Service Call Center – These performance indicators are quality and efficiency measures. They represent the percentage of incoming phone calls answered by call center representatives without transferring them to a specialist. The percentages are based on the overall average.
2. Timeliness of Refunds – These performance indicators are efficiency measures. They represent the average number of days for a tax refund to be issued. It is based on the timeframe between the applicant's "date of signature" to the date the refund was issued by the department. Refund claims received early in the filing season are normally processed within a matter of two weeks from date of signature. Claims received later in the processing season require a longer turn around time. Taking into account a more representative weighted averaging, internal processing improvements, and the increase utilization of electronic filing, the department expects to make significant improvement in the timeliness of refund processing.
3. Electronically Filed Tax Returns – These performance indicators are efficiency measures. They represent the annual increase in the number of electronically filed returns received by the Department (E-File, T-File, On-line filing). (Calendar year 2000 data for this indicator is based on information through September)

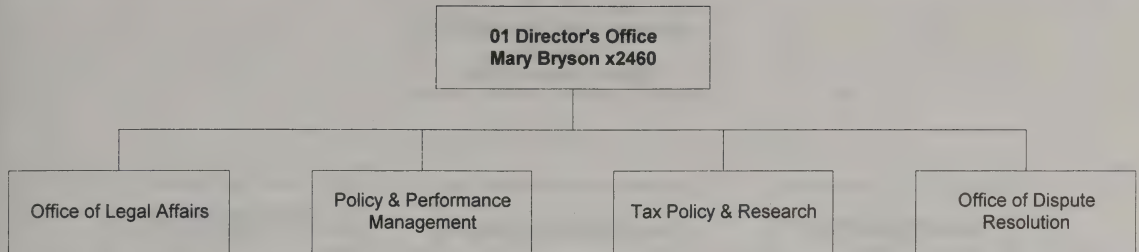
Executive Recommended Legislation -

- Clarify DOR employees' legal ability to ingress/egress property in the course of property valuation work
- Address filing responsibilities for pass through entities such as partnerships, Sub Chapter S Corporations, LLCs and LLPs.
- File warrants for distraint in a single location
- Restrict the direct shipment of alcoholic beverages into the state
- Permit the DOR to file a warrant for distraint on any debt assigned to the agency for collection

Executive Budget Recommendation –

- Subscribe to the essential services provided by the Customer Service Center
- Compensate local governments for loss of tax base from the actions taken in the 1999 legislature
- Continue to apply META efficiencies by reducing 4.00 FTE in 2002 and 8.00 FTE in 2003

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 538.56 | (4.00) | 0.00 | 534.56 | (8.00) | 0.00 | 530.56 |
| Personal Services | 18,569,050 | 1,246,594 | 0 | 19,815,644 | 1,264,414 | 0 | 19,833,464 |
| Operating Expenses | 11,634,282 | 1,047,129 | 214,580 | 12,895,991 | 1,396,556 | 199,200 | 13,230,038 |
| Equipment | 40,177 | (7,155) | 71,484 | 104,506 | (7,155) | 0 | 33,022 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Local Assistance | 13,812,774 | 41,121,618 | 0 | 54,934,392 | 41,121,618 | 0 | 54,934,392 |
| Debt Service | 6,834 | 0 | 0 | 6,834 | 0 | 0 | 6,834 |
| Total Costs | \$44,063,117 | \$43,408,186 | \$286,064 | \$87,757,367 | \$43,775,433 | \$199,200 | \$88,037,750 |
| General Fund | 39,981,718 | 42,821,972 | 286,064 | 83,089,754 | 43,119,426 | 199,200 | 83,300,344 |
| State/Other Special | 252,985 | (39,340) | 0 | 213,645 | (39,771) | 0 | 213,214 |
| Federal Special | 1,997,926 | 133,655 | 0 | 2,131,581 | 183,304 | 0 | 2,181,230 |
| Proprietary | 1,830,488 | 491,899 | 0 | 2,322,387 | 512,474 | 0 | 2,342,962 |
| Total Funds | \$44,063,117 | \$43,408,186 | \$286,064 | \$87,757,367 | \$43,775,433 | \$199,200 | \$88,037,750 |



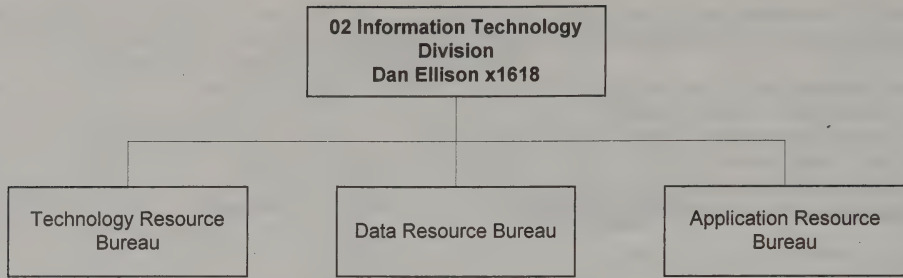
Program Description - The Director's Office provides management control, policy direction, strategic planning, and legal services to assist the tax and liquor programs in fulfilling their responsibilities. The legal services staff advise other program staff and handle tax appeals before the State Tax Appeal Board and state courts. The Director's Office also includes the Policy and Performance Management unit, the Tax Policy and Research unit, and the Office of Dispute Resolution.

The Policy and Performance Management unit supports the department's core processes and is responsible for coordinating the strategic development of operating policies, budgets, rules, performance management, change management, and strategic planning for the department. The Tax Policy and Research (TPR) unit is responsible for estimating state revenue, coordinating Department of Revenue (DOR) legislation and fiscal notes, reviewing all legislation related to revenue, and conducting revenue-related research. The Office of Dispute Resolution has consolidated the department's dispute resolution efforts, including informal tax appeals, into a single location and process.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 38.50 | 0.00 | 0.00 | 38.50 | 0.00 | 0.00 | 38.50 |
| Personal Services | 1,894,413 | 62 | 0 | 1,894,475 | 9,907 | 0 | 1,904,320 |
| Operating Expenses | 877,649 | 146,239 | 214,580 | 1,238,468 | 8,317 | 199,200 | 1,085,166 |
| Equipment | 0 | 0 | 71,484 | 71,484 | 0 | 0 | 0 |
| Total Costs | \$2,772,062 | \$146,301 | \$286,064 | \$3,204,427 | \$18,224 | \$199,200 | \$2,989,486 |
| General Fund | 2,631,010 | 61,013 | 286,064 | 2,978,087 | (70,445) | 199,200 | 2,759,765 |
| State/Other Special | 574 | (274) | 0 | 300 | (574) | 0 | 0 |
| Federal Special | 805 | (5) | 0 | 800 | (805) | 0 | 0 |
| Proprietary | 139,673 | 85,567 | 0 | 225,240 | 90,048 | 0 | 229,721 |
| Total Funds | \$2,772,062 | \$146,301 | \$286,064 | \$3,204,427 | \$18,224 | \$199,200 | \$2,989,486 |

New Proposals -

- Fund Geographic Information System (GIS) database maintenance with \$199,200 on-going appropriations and \$86,864 OTO general fund

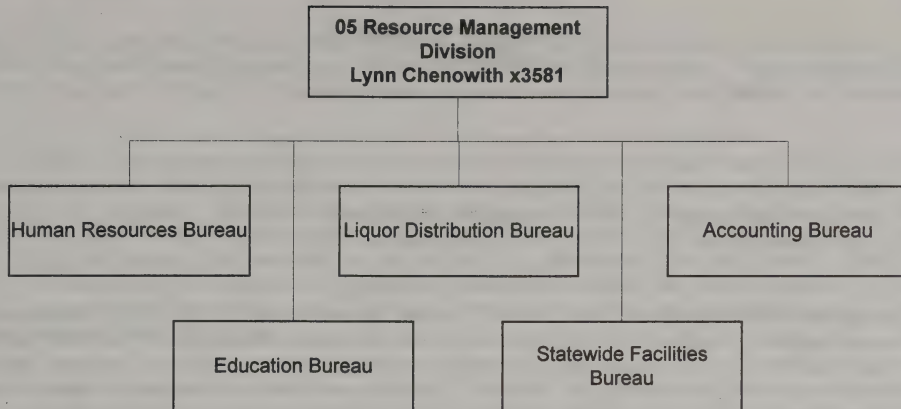


Program Description - The Information Technology (IT) unit is responsible for the delivery of information services and the planning, coordination, and control of information resources for the department. The department uses technology extensively to effectively and efficiently administer over 30 different taxes. The IT unit is responsible for the management of all computing services provided to the department including integration and management of the desktop, mid-tier, and mainframe applications as well as network support services.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 37.25 | 0.00 | 0.00 | 37.25 | 0.00 | 0.00 | 37.25 |
| Personal Services | 1,672,539 | 36,837 | 0 | 1,709,376 | 48,494 | 0 | 1,721,033 |
| Operating Expenses | 728,356 | 5,849 | 0 | 734,205 | 108,303 | 0 | 836,659 |
| Total Costs | \$2,400,895 | \$42,686 | \$0 | \$2,443,581 | \$156,797 | \$0 | \$2,557,692 |
| General Fund | 1,899,468 | (156,858) | 0 | 1,742,610 | (58,619) | 0 | 1,840,849 |
| Federal Special | 178,339 | 12,323 | 0 | 190,662 | 18,043 | 0 | 196,382 |
| Proprietary | 323,088 | 187,221 | 0 | 510,309 | 197,373 | 0 | 520,461 |
| Total Funds | \$2,400,895 | \$42,686 | \$0 | \$2,443,581 | \$156,797 | \$0 | \$2,557,692 |

Significant Present Law Adjustments -

- Implement a compatible Computer Assisted Mass Appraisal (CAMA) software with POINTS II



Program Description - The Resource Management unit provides service and support to the department by integrating the human resources, accounting, facilities management, communications, and training and education functions of the department. The Liquor Distribution unit is also managed in this program.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 43.00 | 0.00 | 0.00 | 43.00 | 0.00 | 0.00 | 43.00 |
| Personal Services | 1,481,530 | 182,292 | 0 | 1,663,822 | 191,835 | 0 | 1,673,365 |
| Operating Expenses | 1,023,783 | 412,375 | 0 | 1,436,158 | 423,471 | 0 | 1,447,254 |
| Equipment | 28,622 | 0 | 0 | 28,622 | 0 | 0 | 28,622 |
| Debt Service | 455 | 0 | 0 | 455 | 0 | 0 | 455 |
| Total Costs | \$2,534,390 | \$594,667 | \$0 | \$3,129,057 | \$615,306 | \$0 | \$3,149,696 |
| General Fund | 1,166,663 | 375,556 | 0 | 1,542,219 | 390,253 | 0 | 1,556,916 |
| Proprietary | 1,367,727 | 219,111 | 0 | 1,586,838 | 225,053 | 0 | 1,592,780 |
| Total Funds | \$2,534,390 | \$594,667 | \$0 | \$3,129,057 | \$615,306 | \$0 | \$3,149,696 |

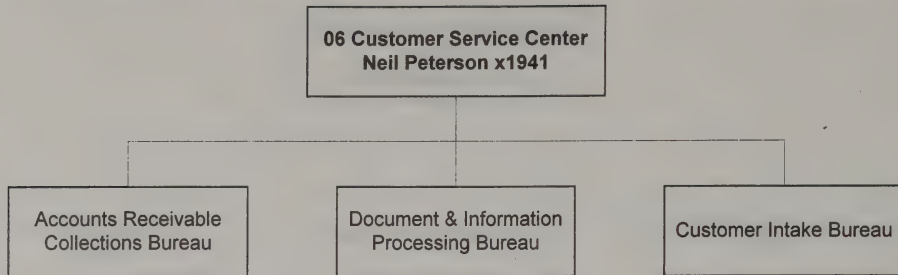
Significant Present Law Adjustments -

- Rent county office space based on 15-8-102, MCA, for a biennial general fund impact of \$673,414

Language Recommendations - The following language is recommended in HB 2:

"In the event the department is unable to meet statutory service levels due to the increase in demand for liquor products, the department is allowed to hire additional temporary employees or pay overtime, whichever is determined to be the more cost effective, to maintain required service levels to stores. The amount authorized is limited to a percentage of the approved personal services budget and is calculated as the year-to-date percentage increase in sales as compared to the same time period in the previous fiscal year. The office of budget and program planning may not authorize any increase until following the tenth month of the fiscal year."

"Liquor division proprietary funds necessary to maintain adequate inventories, pay freight charges, and transfer profit and taxes to appropriate accounts are appropriated to the department in amounts not to exceed \$64,200,950 in fiscal year 2002 and \$67,857,880 in fiscal year 2003."



Program Description -The department plans for the Customer Service Center (CSC) to be a statewide enterprise, operating as a self-supporting business funded with revenue from an internal service fund. The center will combine the Customer Intake function, the Document and Information Processing function, and the Accounts Receivable and Collections function into a single business unit designed to provide centralized and consistent customer service, data and information processing, and accounts receivable collections for the department and its agency partners.

The Customer Intake function represents the initial contact point for customers. The department plans to have customer service representatives supported by up-to-date technology so they will have the ability to answer customer inquiries for all tax types and to approve registration and application inquiries. The Customer Intake function will also be responsible for the development and design of "user friendly" forms and instructions.

The Document and Information Processing function will provide data capture, remittance processing, records management, direct deposit of cash receipts and revenue, and mail processing and distribution. The function will provide these services in several forms and plans to expand existing methods of electronic commerce.

The Accounts Receivable and Collections function will provide a single point of contact for debtors. It will be responsible for delinquent account collection and enforcement activities.

Revenues and Expenses -

The program is forecasting revenues of \$18.2 million over the biennium, to come mostly from other programs within the department. Furthermore, the program is forecasting expenses that will match revenues in the two fiscal years. The Department of Revenue Director's Office, Resource Management, and Compliance Valuation and Resolution programs all subscribe to the services provided by CSC and pay for those services with general fund, federal funds, and liquor enterprise funds. As charges for CSC services increase, these programs are required to seek additional funds to pay for the essential services provided. The requested increases listed below are predicated on conservative estimates of growth in transaction volumes and the requested increases in the CSC rate structure.

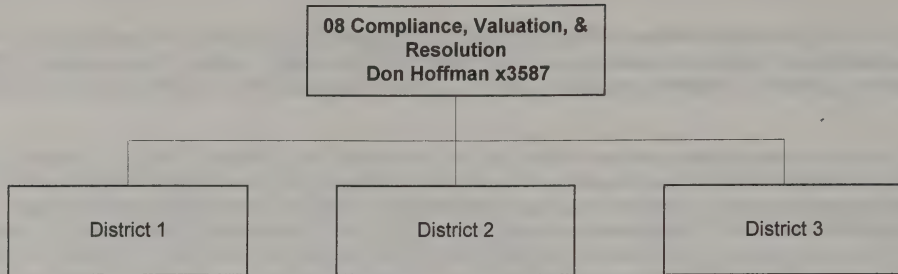
| | FY 2002 | FY 2003 |
|-----------------------------------|-----------|-----------|
| General Fund: | | |
| Director's Office | \$ 31,090 | \$ 23,713 |
| Resource Management | 19,381 | 14,782 |
| Compliance Valuation & Resolution | 339,011 | 258,574 |
| Total General Fund | \$389,482 | \$297,069 |
| State Special Revenue Fund: | | |
| Accommodation Tax | 2,188 | 1,669 |
| Federal Special Revenue Fund: | | |
| Unemployment Insurance | 28,445 | 21,696 |
| Enterprise Fund: | | |
| Liquor Enterprise | 17,505 | 13,351 |
| Total | \$437,620 | \$333,785 |

Conversely, the CSC pays the Directors Office, Resource Management, and Information Technology for management services, accounting and human resource support, and information technology support. These payments from CSC to these programs represent a material proprietary funding source, which ultimately suppresses the request for general funds.

At present, the DOR is the largest customer of the CSC but it is not the only customer. The CSC program also provides data capture services for DPHHS, registration and remittance processing for seven agencies participating in the One-Stop Licensing and Registration Program, and collection services on behalf of many agencies through its offset and confiscation procedures. This is significant because the costs of the CSC are shared among all of its customers. The greater the transaction volume, the lower the per unit cost and the greater the opportunity to obtain cost savings for its customers. The department is continuing to aggressively pursue agreements with sister agencies to enroll them as customers of these services. Over time, as the CSC gains more customers, the general fund request to support both the CSC and the department should decline.

Rate Explanation -

| <u>Service</u> | <u>FY 2002</u> | <u>FY 2003</u> | <u>Rate</u> |
|--------------------------------|----------------|----------------|-----------------|
| One-Stop | \$ 5.29 | \$ 5.38 | per license |
| Forms Design | 461.00 | 469.00 | per form |
| Call Center | 3.58 | 3.65 | per call |
| Liquor License | 225.00 | 229.00 | per application |
| Licensing/Registration | 8.10 | 8.25 | per application |
| Input Manual Cash | 2.10 | 2.10 | per document |
| Input Mail | .20 | .20 | per document |
| Outgoing Mail | .41 | .41 | per document |
| E-File/T-File | .0014 | .0014 | per byte |
| Capture Image | .0134 | .0134 | per byte |
| Capture Paper | 1.97 | 1.97 | per document |
| Validation | .28 | .28 | per document |
| Retention-Return Processing | .53 | .53 | per document |
| Retention-Return Storage | .04 | .04 | per document |
| Warrant Writing/Mailin | .72 | .72 | per document |
| Manual Coupon | 1.00 | 1.00 | per document |
| Coupon Payment | .46 | .46 | per document |
| Unclaimed Property Commission | 11% | 11% | per collection |
| Accounts Receivable Commission | 11% | 11% | per collection |

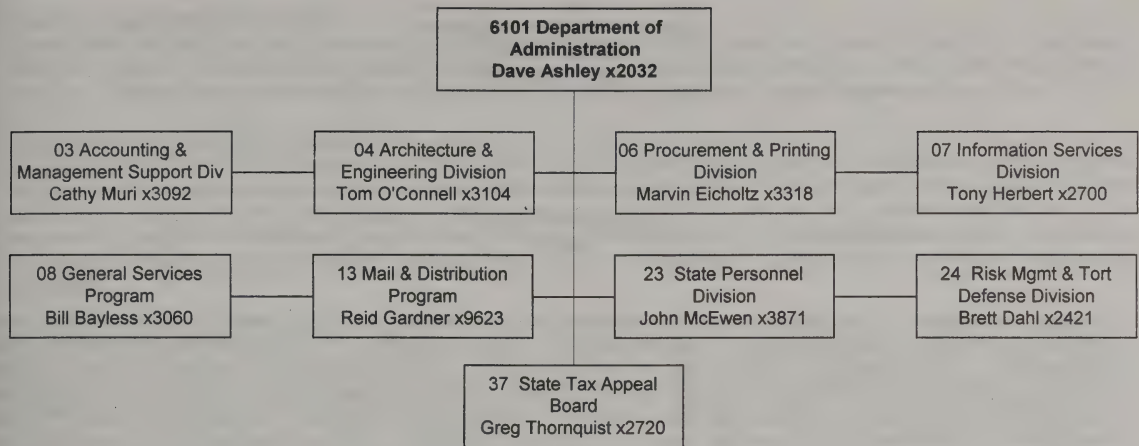


Program Description - The Compliance, Valuation, and Resolution (CVR) program oversees audits and measures to verify taxpayers are complying with the laws. The Compliance, Valuation, and Resolution unit also is responsible for consistent valuation of properties statewide for purposes of property taxation. Program employees are presently located in all 56 counties.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 419.81 | (4.00) | 0.00 | 415.81 | (8.00) | 0.00 | 411.81 |
| Personal Services | 13,520,568 | 1,027,403 | 0 | 14,547,971 | 1,014,178 | 0 | 14,534,746 |
| Operating Expenses | 9,004,494 | 482,666 | 0 | 9,487,160 | 856,465 | 0 | 9,860,959 |
| Equipment | 11,555 | (7,155) | 0 | 4,400 | (7,155) | 0 | 4,400 |
| Local Assistance | 13,812,774 | 41,121,618 | 0 | 54,934,392 | 41,121,618 | 0 | 54,934,392 |
| Debt Service | 6,379 | 0 | 0 | 6,379 | 0 | 0 | 6,379 |
| Total Costs | \$36,355,770 | \$42,624,532 | \$0 | \$78,980,302 | \$42,985,106 | \$0 | \$79,340,876 |
| General Fund | 34,284,577 | 42,542,261 | 0 | 76,826,838 | 42,858,237 | 0 | 77,142,814 |
| State/Other Special | 252,411 | (39,066) | 0 | 213,345 | (39,197) | 0 | 213,214 |
| Federal Special | 1,818,782 | 121,337 | 0 | 1,940,119 | 166,066 | 0 | 1,984,848 |
| Total Funds | \$36,355,770 | \$42,624,532 | \$0 | \$78,980,302 | \$42,985,106 | \$0 | \$79,340,876 |

Significant Present Law Adjustments -

- Request spending authority for funds collected in the property valuation improvement fund
- Reduce FTE and related operating costs as a result of the department's reengineering project
- Reimburse local governments for loss of tax base from 1999 session actions



Mission Statement - The Department of Administration seeks to deliver superior and responsive services to agencies, employees and the public while minimizing costs and maximizing effectiveness. These services are delivered through:

1. continuing to refine procedures;
2. fostering government coordination and cooperation;
3. promoting access to services; and
4. developing innovative uses for emerging technologies.

Statutory Authority - Title 2, MCA.

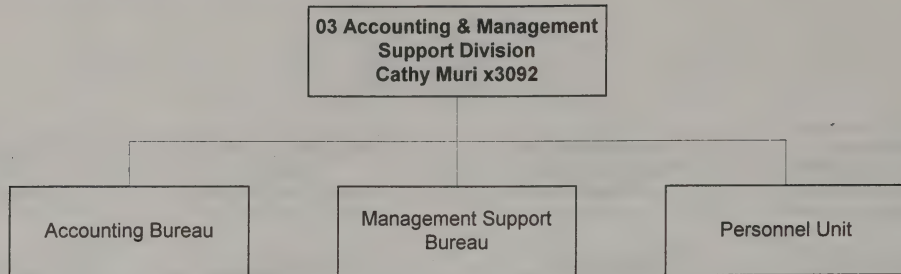
Executive Recommended Legislation -

- Establish a private purpose trust fund for geographic information system projects

Executive Budget Recommendation -

- Implement GASB 34 and maintain compliance with it by the 2003 biennium
- Preserve interest earnings on state funds by fully utilizing the Cash Management Improvement Act
- Coordinate Montana's Geographic Information Systems in a federal, state and local government partnership
- Oversee the Public Safety Communications program with general fund

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 81.78 | 0.83 | 2.00 | 84.61 | 0.83 | 2.00 | 84.61 |
| Personal Services | 3,219,035 | 340,977 | 94,957 | 3,654,969 | 361,213 | 95,295 | 3,675,543 |
| Operating Expenses | 1,767,512 | 484,462 | 210,298 | 2,462,272 | (379,257) | 8,303 | 1,396,558 |
| Equipment | 6,074 | 0 | 0 | 6,074 | 0 | 0 | 6,074 |
| Local Assistance | 42,990 | 0 | 0 | 42,990 | 0 | 0 | 42,990 |
| Debt Service | 32,050 | 0 | 0 | 32,050 | 0 | 0 | 32,050 |
| Total Costs | \$5,067,661 | \$825,439 | \$305,255 | \$6,198,355 | (\$18,044) | \$103,598 | \$5,153,215 |
| General Fund | 3,955,998 | (116,810) | 262,676 | 4,101,864 | (169,711) | 62,881 | 3,849,168 |
| State/Other Special | 1,041,985 | 148,503 | 0 | 1,190,488 | 157,749 | 0 | 1,199,734 |
| Federal Special | 28,670 | 793,519 | 42,579 | 864,768 | (6,481) | 40,717 | 62,906 |
| Proprietary | 41,008 | 227 | 0 | 41,235 | 399 | 0 | 41,407 |
| Total Funds | \$5,067,661 | \$825,439 | \$305,255 | \$6,198,355 | (\$18,044) | \$103,598 | \$5,153,215 |



Program Description - The Accounting and Management Support Program consists of several units. The Director's Office is responsible for overall supervision and coordination of agency programs and administratively-attached boards and agencies. The Legal Unit provides legal services to agency and administratively-attached programs. The Accounting Bureau is the process owner of the financial portion of the Statewide Budgeting, Accounting and Human Resource Systems (SABHRS), establishes state accounting policies and procedures, administers the federal Cash Management Improvement Act, processes warrants for all state agencies, and prepares the state Comprehensive Annual Financial Report (CAFR). The Management Support Bureau and Personnel function provides financial, budgeting, accounting, personnel, payroll, and data processing functions for the department.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 20.42 | 0.50 | 1.00 | 21.92 | 0.50 | 1.00 | 21.92 |
| Personal Services | 894,623 | 66,852 | 39,539 | 1,001,014 | 72,652 | 39,677 | 1,006,952 |
| Operating Expenses | 245,883 | 38,396 | 203,040 | 487,319 | (14,444) | 1,040 | 232,479 |
| Local Assistance | 40,231 | 0 | 0 | 40,231 | 0 | 0 | 40,231 |
| Total Costs | \$1,180,737 | \$105,248 | \$242,579 | \$1,528,564 | \$58,208 | \$40,717 | \$1,279,662 |
| General Fund | 1,108,502 | 109,002 | 200,000 | 1,417,504 | 61,790 | 0 | 1,170,292 |
| State/Other Special | 2,557 | 2,500 | 0 | 5,057 | 2,500 | 0 | 5,057 |
| Federal Special | 28,670 | (6,481) | 42,579 | 64,768 | (6,481) | 40,717 | 62,906 |
| Proprietary | 41,008 | 227 | 0 | 41,235 | 399 | 0 | 41,407 |
| Total Funds | \$1,180,737 | \$105,248 | \$242,579 | \$1,528,564 | \$58,208 | \$40,717 | \$1,279,662 |

New Proposals -

- Purchase consultant services to implement GASB 34 for a biennial general fund restricted and OTO cost of \$200,000
- Add 1.00 FTE to focus on the federal Cash Management Investment Act (CMIA) in order to maximize interest earned on state funds

Proprietary Rates

Program Description -

Legal Services Unit (Fund 06504)

The Legal Unit of the Director's Office advises all divisions within the department on legal matters. The unit receives the majority of its funding through the Legal Services internal service fund by charging the non-general fund divisions for services provided.

Network Support Unit (Fund 06560)

The Network Support Unit administers all data processing functions of the department except those of the Information Services Division. The unit provides network support services, including installing software and hardware, responding to computer problems, and answering software questions. The unit also provides computer-programming services.

Warrant Writer Program (Fund 06564)

The Department of Administration provides the services of the Warrant Writer Program to most state agencies for check writing and automatic-deposit capabilities for financial transactions. The program produces and processes warrants and tracks them on the warrant writer system. The program generates, mails, tracks, and cashes each warrant. The services the program offers include direct deposit, warrant consolidation, stopping of payments, warrant cancellations, emergency warrants, duplicate warrants, warrant certification, warrant research, payee file data, and federal 1099-MISC processing.

The system handles about two million payment transactions per year. Payment transactions include warrant writing and electronic transfers for vendor payments, retirement payments for public employees and teachers, payroll, worker's compensation, income tax refunds, special refunds, and public assistance benefit payments. In addition, the program maintains a central payee file to facilitate payment processing. The program is also responsible for consolidation of 1099-MISC information for the Internal Revenue Service (IRS). The program coordinates compliance with IRS rules governing 1099 MISC-filings and error reports.

Revenues and Expenses -

Legal Unit

The calculation that gives the amount of revenue the unit should derive from the internal service fund is based on the assumption (derived from a time study) that the Legal Services Unit will devote 1.33 FTE of their 2.00 FTE to the legal matters of the non-general fund divisions. The internal service fund must therefore derive at least enough revenue to pay the personal services and associated operating costs of the 1.33 FTE. The costs of the remaining 0.67 FTE are paid by the general fund (and are included in the main budget table). Since the Legal Services Unit bills the divisions and programs on a semi-annual basis (in July and January), the unit will charge enough to generate a minimal cash reserve.

Network Support Unit

The unit anticipates revenues of \$165,149 in FY 2002 and \$168,482 in FY 2003. These amounts are increases of 40 percent and 43 percent over base year revenue. The unit anticipates expenses of \$166,368 in FY 2002 and \$167,177 in FY 2003. These amounts are both increases of 37 percent over base year amounts and are mainly due to increases in salaries for information technology employees, increased data network costs, and increased programming needs.

Warrant Writer Unit

The program uses historical data to forecast the following categories of payments: mailer warrants, non-mailer warrants, emergency warrants, duplicate warrants, external warrants and electronic fund transfers. The program forecasts revenues of \$831,766 in FY 2002 and \$845,138 in FY 2003. These are increases of 11 percent and 12 percent from base year revenues. The program forecasts expenses of \$807,975 in FY 2002 and \$824,609 in FY 2003, which is an increase from FY 2000 base year expenses. The increases in revenues and expenditures are because of a projected increase in postage and warrant stock.

Rate Explanation -

Network Support Unit

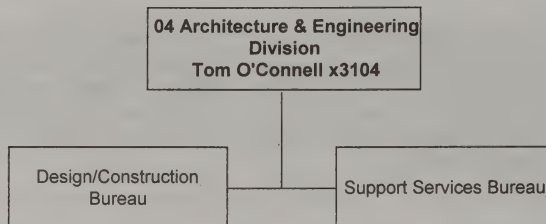
The financial objective of the Network Support Unit is to operate on a break-even basis. The unit charges other divisions in the department a fixed fee per computer and server to cover the costs of providing network support services, which it bills in July of each fiscal year to build up the working capital balance it requires. It charges a set fee per hour for computer programming, which it bills on an actual-hours-used basis.

The unit requests that the Legislature approve a rate of \$714 per computer and \$1,072 per server for FY 2002 and \$732 per computer and \$1,098 per server for FY 2003 for network service charges. A separate server rate has been established due to increased use of network support resources in this area. For computer programming charges, the unit requests the Legislature approve a 60-day working capital rate. The unit will charge the per-hour fee necessary to maintain 60 days of working capital.

Warrant Writer Unit

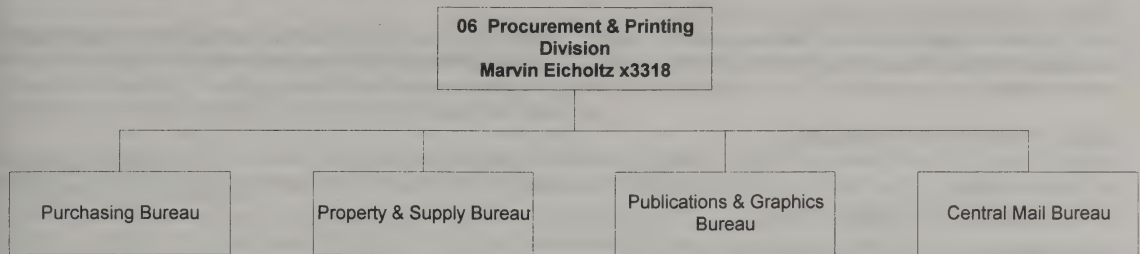
The program determines the proposed rate structure for each type of warrant or payment by conducting time, supply, and processing analysis studies to determine the "estimated actual cost" of each payment type. Where possible, personal service costs are allocated to specific types of transactions before allocating the remaining costs to all other transactions. Fixed expenses such as audit fees, miscellaneous supplies, rent, and telephone charges are allocated to all transactions. Variable costs such as postage, maintenance, computer processing, and warrant stock are allocated at a fixed rate against those items that utilized them.

ARCH & ENGINEERING PGM



Program Description - The Architecture and Engineering Division (A&E) manages remodeling and construction of state buildings. Its functions include planning new projects and remodeling projects; advertising, bidding, and awarding construction contracts; administering contracts with architects, engineers, and contractors; disbursing building construction payments; and providing design services for small projects. The division also formulates a long-range building plan for legislative consideration each session. This division operates under the authority found in Titles 17 and 18, MCA, as well as other state mandates.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 17.50 | 0.00 | 0.00 | 17.50 | 0.00 | 0.00 | 17.50 |
| Personal Services | 761,997 | 88,857 | 0 | 850,854 | 93,861 | 0 | 855,858 |
| Operating Expenses | 272,835 | 33,142 | 0 | 305,977 | 36,584 | 0 | 309,419 |
| Total Costs | \$1,034,832 | \$121,999 | \$0 | \$1,156,831 | \$130,445 | \$0 | \$1,165,277 |
| State/Other Special | 1,034,832 | 121,999 | 0 | 1,156,831 | 130,445 | 0 | 1,165,277 |
| Total Funds | \$1,034,832 | \$121,999 | \$0 | \$1,156,831 | \$130,445 | \$0 | \$1,165,277 |



Program Description - The Procurement and Printing Division is divided into the following four categories:

- 1) the Publications and Graphics Bureau, which provides printing, duplicating, desktop publishing, layout and design, graphic and illustrative art, forms design, photo-reprographics, binding and quick copy, and photocopier pool services for state agencies;
- 2) the Property and Supply Bureau, which purchases, stocks, and sells office supplies, paper, janitorial supplies, and packaged computer software to state agencies and administers the sale of state and federal surplus property;
- 3) the State Procurement Bureau, which manages centralized purchasing for state agencies by investigating possible sources for products, determining alternate product possibilities, preparing specifications, enforcing the terms and conditions outlined in purchase orders, and providing technical assistance to state agencies regarding purchasing laws; and
- 4) the Vehicle Fueling, Energy Procurement, and State Procurement Card functions, which administer contracts for the statewide fueling network, the deregulated purchase of electricity and natural gas, and the state MasterCard contract for the automated processing of small purchases. This division operates under the authority of Title 18, MCA.

Executive Budget Recommendation -

- Support the growth of electronic government by the addition of a computer programmer to this division.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 10.36 | 0.33 | 0.00 | 10.69 | 0.33 | 0.00 | 10.69 |
| Personal Services | 407,827 | 24,061 | 0 | 431,888 | 25,929 | 0 | 433,756 |
| Operating Expenses | 94,623 | 8,613 | 0 | 103,236 | 8,688 | 0 | 103,311 |
| Equipment | 6,074 | 0 | 0 | 6,074 | 0 | 0 | 6,074 |
| Total Costs | \$508,524 | \$32,674 | \$0 | \$541,198 | \$34,617 | \$0 | \$543,141 |
| General Fund | 508,524 | 32,674 | 0 | 541,198 | 34,617 | 0 | 543,141 |
| Total Funds | \$508,524 | \$32,674 | \$0 | \$541,198 | \$34,617 | \$0 | \$543,141 |

Significant Present Law Adjustments -

- Obtain technical expertise by adding a programmer to the workforce, at a general fund biennial cost of \$31,000.

Proprietary Rates

Program Description -

Procurement and Printing Division

The Procurement and Printing Division manages the following six proprietary accounts: Publications and Graphics account, Central Stores, Surplus Property, Vehicle Fueling, Natural Gas and Electricity Procurement, and the Procard account. The Surplus Property account is an enterprise fund for which the legislature does not approve rates.

Publications and Graphics Account (Fund 06530)

The Publications and Graphics Bureau provides printing, duplicating, desktop publishing, layout and design, graphic and illustrative art, photo-reprographics, binding and quick copy, photocopier pool services and contracted printing for state agencies.

Central Stores Account (Fund 06531)

Central Stores, of the Property and Supply Bureau, purchases, warehouses, sell, and delivers commonly used items to all state agencies in the following categories: office supplies, coarse paper, fine paper, computer paper, janitorial supplies, printed forms, and software.

Surplus Property Account (Fund 06066)

The Property and Supply Bureau operates the surplus property program to administer the sale of state and federal surplus property no longer needed by state agencies. The bureau attempts to extend the life of state property by providing a mechanism to transfer surplus property between agencies. It also attempts to create a broad and efficient market for selling state surplus property and to provide accountability in the disposal of surplus state property. The surplus property account is an enterprise fund for which the legislature does not approve rates.

Natural Gas and Electricity Procurement Account (Fund 06558)

This account purchases natural gas and electricity competitively from outside suppliers for qualifying agencies.

Statewide Fueling Network Account (Fund 06561)

The Purchasing Bureau Vehicle Fueling Program provides for fueling of public vehicles through an integrated commercial fueling network. The program, which is available to all public agencies in the state, offers an alternative to state ownership and operation of fuel storage tanks. The program automates the accounting and transaction processing functions associated with vehicle fueling, offers a system of security, maintains agency tax-exempt status for transactions anywhere on the network and provides monthly comprehensive fuel management reports that fleet managers can use to track and control fuel costs.

State Procurement Card Account (Fund 06571)

The State Procurement Card Program administers the state MasterCard contract for the automated processing of small purchases.

Revenues and Expenses -

Publications and Graphics

The program anticipates revenues of \$5,736,992 in FY 2002 and \$6,074,862 in FY 2003. These amounts are increases of approximately 8 percent and 14 percent, respectively, over base year revenue. The program anticipates expenses of \$5,812,387 in FY 2002 and \$6,178,736 in FY 2003. These amounts are increases of approximately 8 percent and 16 percent, respectively, over base year expenses.

Central Stores Account

The program anticipates revenues of \$4,677,771 in FY 2002 and \$4,676,102 in FY 2003. These amounts are increases of approximately 11 percent over base year revenue. The program anticipates expenses of \$4,651,180 in FY 2002 and \$4,639,608 in FY 2003. These amounts are increases of approximately 5 percent over base year expenses.

Natural Gas and Electricity Procurement

The program anticipates revenues of \$104 in FY 2002 and FY 2003. These amounts are decreases of 74 percent over base year revenue. The program anticipates expenses of \$104 in FY 2002 and FY 2003. These amounts are decreases of approximately 77 percent over base year expenses.

Statewide Fueling Network

The program anticipates revenues of \$12,560 in FY 2002 and \$12,757 in FY 2003. These amounts are decreases of 22 percent and 21 percent over base year revenue. The program anticipates expenses of \$16,742 in FY 2002 and \$17,005 in FY 2003. These amounts are increases of approximately 2 percent and 4 percent, respectively, over base year expenses.

State Procurement Card

The program anticipates revenues of \$3,709 in FY 2002 and FY 2003. These amounts are decreases of 50 percent over base year revenue. The program anticipates expenses of \$3,704 in FY 2002 and FY 2003. These amounts are decreases of approximately 51 percent over base year expenses.

Rate Explanation –

Publications and Graphics –

The program must maintain a break-even approach in its operations and have a large number of individual rates for the various products sold or services provided. Therefore, previous legislatures defined "rates and fees" for the program to mean a specific working capital reserve balance. The Publications and Graphics Bureau requests a 60-day working capital reserve.

Central Stores Account –

The program must maintain a break-even approach in its operations and have a large number of individual rates for the various products sold or services provided. Therefore, previous legislatures defined "rates and fees" for the program to mean a specific working capital reserve balance. The department requests a 60-day working capital reserve.

Natural Gas and Electricity Procurement Account –

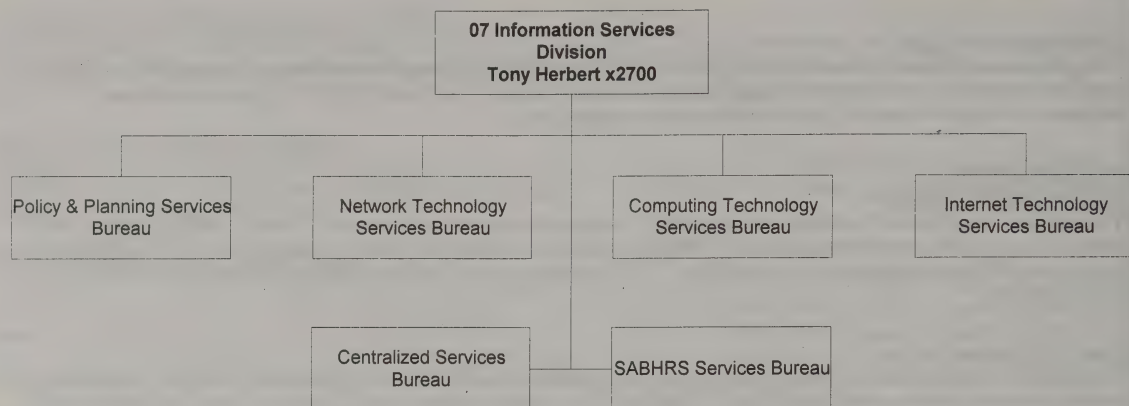
The natural gas and electricity procurement account staff requests a break-even rate (no capital reserve) and will charge back actual expenses to the applicable agencies.

Statewide Fueling Network Account –

The department requests a 60-day working capital reserve for this account. The program must maintain a break-even approach in its operations and have a large number of individual rates for the various products sold or services provided. Therefore, previous legislatures defined "rates and fees" for the program to mean a specific working capital reserve balance.

State Procurement Card Account –

A 60-day working capital reserve also is recommended for this account. The program must maintain a break-even approach in its operations. Therefore, previous legislatures defined "rates and fees" for the program to mean a specific working capital reserve balance.



Program Description - Although the Information Services Division (ISD) manages the 911 program, some GIS functions, and is proposing to have a Public Safety Communications program under HB 2, ISD is primarily a proprietary program which manages central computer services and telecommunications services for state government. Through its central computing services function, the division provides central mainframe computer processing services and network services for statewide data communications networks that access the central mainframe computer. The division plans and coordinates data processing for state agencies and reviews and approves equipment and software acquisitions. It designs and develops data processing applications and provides continuous maintenance support. The division also provides data processing training and support and consulting services for microcomputer and office automation systems. The division manages disaster recovery facilities for critical data processing applications.

The division telecommunications function provides local and long distance telephone network services and designs, develops telephone equipment network applications, and serves other telecommunications needs for state agencies. The division also oversees Geographic Information Systems (GIS) development and houses the Statewide Accounting, Budgeting, and Human Resources Systems (SABHRS) program.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 2.00 | 0.00 | 1.00 | 3.00 | 0.00 | 1.00 | 3.00 |
| Personal Services | 97,055 | 136 | 55,418 | 152,609 | 746 | 55,618 | 153,419 |
| Operating Expenses | 501,057 | 331,351 | 7,258 | 839,666 | (471,052) | 7,263 | 37,268 |
| Total Costs | \$598,112 | \$331,487 | \$62,676 | \$992,275 | (\$470,306) | \$62,881 | \$190,687 |
| General Fund | 598,112 | (468,513) | 62,676 | 192,275 | (470,306) | 62,881 | 190,687 |
| Federal Special | 0 | 800,000 | 0 | 800,000 | 0 | 0 | 0 |
| Total Funds | \$598,112 | \$331,487 | \$62,676 | \$992,275 | (\$470,306) | \$62,881 | \$190,687 |

Significant Present Law Adjustments -

- Reduce general fund obligation to support SABHRS
- Increase in the 911 Program for supplies, conferences, seminars, communications, travel, maintenance, association fees, and training for a biennial general fund impact of \$7,630
- Using \$800,000 of federal money, coordinate with state, local, federal, and private users to automate land parcel information.

New Proposals -

- Change the source of funding for the management of the state's public safety communication program, as prescribed in 2-17-311 through 2-17-313, MCA for a biennial general fund impact of \$125,557

Proprietary Rates

Program Description - The Information Services Division (ISD) manages Information Technology (IT) services for state government. IT includes:

1. Shared statewide desktop and data network services.
2. Central mainframe computer processing.
3. Mid-tier access and production services.
4. Local and long-distance telephone networking.
5. IT planning, research and coordination.
6. Design, development, and continuous maintenance support of IT applications.
7. Personal computer (PC) and office automation support and consultation.
8. Design and development of telephone equipment, networking applications, and other telecommunication needs.
9. Internet and intranet services.
10. Electronic government planning and coordination.
11. Central imaging
12. Geographic information systems (GIS) coordination
13. Disaster recovery facilities for critical data processing applications.
14. IT training.

ISD also manages the State Accounting, Budgeting and Human Resource System's (SABHRS) operational support unit, which is responsible for the operation and maintenance of the state's budget development system (MBARS) and the PeopleSoft human resource, financial, and asset management systems.

The ISD operates generally under state mandates as specified in Title 2, Chapter 17, parts 3 and 5, MCA.

Funding for the ISD is primarily from charges to state agencies for computer processing, desktop services, and state telephone support services as well as direct charges to state agencies and other entities. In order to coordinate the state communication function, the division also receives a significant amount of "pass-through" funds paid on behalf of state agencies to communications vendors such as AT&T and Qwest.

ISD costs are based on predicted utilization and projects planned in all service categories. As services and costs increase or decrease, the management of ISD strives to ensure that the fees being charged to state agencies remain commensurate with the costs. ISD will fund 177.50 FTE in HB 576 in FY 2002 and FY 2003 from the revenues generated in all areas.

Revenues and Expenses -

Change in Services or Fees. ISD fees are based on predicted utilization and expenses. As utilization increases over the predicted expenses, ISD is able to lower IT fees appropriately. As the demand for products and services increase so do the expenses. New technology, software, equipment and support must be provided to keep up with the growing demand and needs of ISD's customers. With the need for expanding networks, ISD is required to expand the Local Area and Wide Area networks, add additional sites and support new applications being developed for the delivery of services by state agencies.

Working Capital discussion. ISD's working capital is predicted to be 25-30 days, well below the allowable 60-day working capital balance. Revenues and expenses for ISD do not always follow the same pattern. State agencies and other entities are billed monthly. Most of these revenues collected and expenses incurred occur simultaneously. However, mid-tier, maintenance, desktop services and a few other charges from vendors are paid in lump sums or sporadically throughout the year. These revenues and expenses will balance out at the end of the fiscal year. Working capital is considered but not currently used in ISD's determination of the rates. ISD maintains fees commensurate with costs in determining rates.

Fund Equity and Reserved Fund Balance. A portion of the fund balance to this proprietary fund does relate to the

investment in equipment. Management objective is to maintain fund balance at the 2001 biennium level.

Cash Flow Discussion. ISD invoices state agencies and other entities for services rendered in mainframe and mid-tier processing, desktop services, and telecommunications services monthly. Receipt of revenues is typically collected within 30-60 days; however, ISD does occasionally have delayed payments from agencies. ISD's major expenses are from annual payments for software and maintenance, the majority of which occur during the beginning of the fiscal year; bi-monthly payroll; and monthly communications and hardware maintenance.

Rate Explanation – ISD rates are based on predicted expenses, utilization and projects planned in all service categories. ISD strives to ensure that the rates being charged to state agencies remain commensurate with the expenses.

Revenues relating to the internal service fund are mainly from four major revenue centers:

- Computing Technology Services Bureau (CTSB): revenues are generated from state mainframe and midtier processing rates based upon central processing unit (CPU) seconds or other per transaction rates and client server contracts. Local area network support is based upon an hourly service rate.
- Network Technology Services Bureau (NTSB) - Network Services Section: desktop services rates charged on a monthly or yearly basis per workstation or installation.
- Network Technology Services Bureau (NTSB) - Voice Services Section: voice telecommunication rates charged on equipment and long distance usage basis.
- SABHRS Services Bureau: SABHRS support unit rates are based on FTE with exceptions to the Benefits Bureau of the Department of Administration and the Montana University System, which are agreed-upon amounts.

Charges to state agencies are budgeted in several ways:

Percentage factors: Mainframe processing rates will have a 20 percent decrease while laser print will have a 10 percent increase in the 2003 biennium relative to the FY 2000 base year. Telephone equipment rates will remain the same while long distance (daytime) charges will decrease by 7 percent and Megacom 800 rates will decrease by 9 percent in the 2003 biennium relative to the FY 2000 base.

Fixed costs assigned to agencies: The projected costs for the monthly desktop services rate are assigned to agencies as fixed costs based upon a monthly rate and projected number of network devices. The monthly rate increases from \$64.50 per month per intelligent device (PC) to \$73.50 per month per device in FY 2002 and FY 2003. The monthly rate for non-intelligent devices (terminals) remains constant at \$30.00 per month. The SABHRS support fee is also a fixed cost based on FTE for each agency.

The hourly rates charged for local area network (LAN) administration is requested and budgeted based upon projected hours of service. The FY 2000 base of \$53.00 per hour for LAN administration is projected to decrease to \$50.00 per hour in FY 2002 and FY 2003.

Significant Present Law -

Oracle Enterprise License Agreement (ELA): The purpose of this request is to propose funding of the Oracle Enterprise Licensing Agreement (ELA) through the desktop services rate.

Total cost of present law adjustment: FY 2002 \$720,000 - FY 2003 \$720,000

100 percent allocated to the desktop services rate.

Rate Impact: FY 2002 \$ 5.63 increase and FY 2003 \$ 5.63 increase.

Wide Area Network and Internet Growth: This request provides for hardware, software and circuits for the state wide area data networks (SUMMITNET). The state will need to install a second Internet connection to SUMMITNET, expand the current network, add additional bandwidth at existing sites, and support new applications to be developed for the delivery of services by state agencies.

Total cost of present law adjustment: FY 2002 \$246,000 - FY 2003 \$537,000

**DEPARTMENT OF ADMINISTRATION
INFORMATION SERVICES DIVISION**

**6101
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100 percent allocated to desktop services rate.
Rate Impact: FY 2002 \$ 1.92 - FY 2003 \$ 4.20

PeopleSoft Maintenance: During the 2001 biennium the PeopleSoft maintenance was funded through the general fund. This request is to shift the maintenance costs to the proprietary fund to spread the costs to all funds equitably.

Total cost of present law adjustment: FY 2002 \$533,000 - FY 2003 \$555,000.
100 percent allocated to SABHRS operational support rate.

SABHRS Finance & HRMS Upgrade Support: The SABHRS Finance and HRMS sections need a team to work through the ongoing cycle of upgrades to the PeopleSoft software. The establishment of a team such as this provides the state with a stable rate model which avoids spiking upgrade efforts whose costs (and funding) would ebb and flow.

Total cost of present law adjustment: FY 2002 \$380,361 - FY 2003 \$390,504.
100 percent allocated to SABHRS operational support rate.

SABHRS Finance & HRMS Production Support: This is a request for 2.00 FTE and related funding that would provide needed production support services for the Finance and Human Resource Management System (HRMS) Sections.

Total cost of present law adjustment: FY 2002 \$112,246 - FY 2003 \$116,598.
100 percent allocated to SABHRS operational support rate.

SABHRS Archival and Retrieval: Managing the growing volume of data requires staff to develop archiving and reporting solutions, tuning of the production databases, archiving data from the production databases, and developing and maintaining the archival environment.

This is a biennial appropriation request.
Total cost of present law adjustment: FY 2002 \$122,000.
100 percent allocated to SABHRS operational support rate.

SABHRS Consultant Services: This request provides funding to allow the SABHRS Support Bureau to contract with consulting groups when it is necessary to obtain specific expertise.

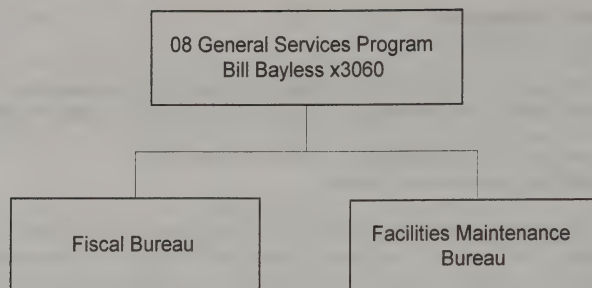
Total cost of Present law adjustment: FY 2002 \$120,000 - FY 2003 \$140,000.
100 percent allocated to SABHRS operational support rate.

New Proposals -

Electronic Government: To efficiently move the State of Montana into the e-government arena and make state services available on the Internet, shared goals and a common infrastructure need to be established. This item deals with implementing e-government using a self-funded portal model strategy.

An important aspect of outsourcing e-government functions and the state Internet portal to a private vendor is the oversight role the state has of that vendor. The oversight includes financial audits of the vendor, verification of code in escrow, knowledge of what source code belongs to what applications, maintaining documentation on all applications, knowledge of all security processes (including passwords), ensuring contract compliance, staffing of the governing board, and having a point of contact for agencies with complaints about the vendor. Furthermore, the state needs to be in a position to have the ability to assume the function, or keep things running during a transition phase to a new vendor. It is also crucial that the state ensure that all aspects of the contract with the private vendor are being followed.

Total cost of new proposal: FY 2002 \$52,909 - FY 2003 \$53,099
Will be funded 100 percent against the desktop services rate.
Rate Impact: FY 2002 \$0.40 - FY 2003 \$0.40.



Program Description - Except for the general fund renting common space on the Capitol Complex, the General Services Program manages repair, maintenance and construction services for state agencies in the Capitol Complex and several state-owned buildings in the Helena area through a proprietary fund. Services the program provides include all utilities consumed on the complex (water, sewer, electricity and natural gas), locksmith services, painting, remodeling, architectural, a recycling program, and construction services. The program supervises contracts for mechanical maintenance, pest control, janitorial services, elevator repair/maintenance, security, major maintenance, and garbage collections for state-owned buildings. The program also provides professional and technical assistance to agencies that are located within a ten-mile radius of the Capitol Complex. The program provides professional assistance to all state agencies, on a state-wide basis, to procure leased space. This program operates under the authority found in 2-17-101, -111, and -811, MCA.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Work Orders Issued | 7,580 | 6,823 | 6,159 | 6,300 | 6,350 | 6,400 |
| Active Leases | 240 | 250 | 220 | 220 | 220 | 220 |
| # of Buildings serviced by GSD staff | 41 | 44 | 44 | 44 | 45 | 45 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 309,360 | 64,094 | 0 | 373,454 | 71,124 | 0 | 380,484 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service | 32,050 | 0 | 0 | 32,050 | 0 | 0 | 32,050 |
| Total Costs | \$341,410 | \$64,094 | \$0 | \$405,504 | \$71,124 | \$0 | \$412,534 |
| General Fund | 341,410 | 64,094 | 0 | 405,504 | 71,124 | 0 | 412,534 |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$341,410 | \$64,094 | \$0 | \$405,504 | \$71,124 | \$0 | \$412,534 |

The table shows only general fund rent for common space on the Capitol Complex.

Proprietary Rates –

Proprietary Program Description – The GSD manages the Capitol Complex and state-owned building in the Helena area.

New Proposals -

- Add 1.00 FTE engineer, 1.00 FTE security and safety manger, and 0.50 FTE laborer in proprietary funds

Revenues and Expenses -

The program is forecasting revenues of \$5,813,885 in FY 2002 and \$5,916,575 in FY 2003. These are increases of 13 percent and 15 percent over base year revenues. Revenue forecasts were made assuming there would be an increase in personal services in the next biennium. The program forecasts expenses of \$5,779,832 in FY 2002 and \$5,840,288 in FY 2003. These are increases of 6 percent and 7 percent over the base year. Increases are directly related to the addition of 2.50 FTE, contracted services increases, and projected increases in utility costs. Fund balance is expected to reach an all time low at the end of FY 2001 of \$179,307, but by fiscal year end 2003 the program estimates it will have increased fund balance to approximately \$289,647.

Program staff try to maintain a 65-day reserve of working capital in the rent and maintenance account. The program bills state agencies monthly and normally collects its accounts within 30 to 45 days. Due to a miscalculation in the current biennium, the program will have eroded its working capital balance to approximately 20 days at fiscal year end 2001. The program attempts to build reserves to the end of May of each fiscal year because most major maintenance projects are bid in April, May, and June; the program also makes its major inventory and equipment purchases towards the end of the fiscal year. The program prioritizes its major maintenance projects early in the fiscal year and monitors its cash reserve to determine which projects to proceed with in the last quarter of the fiscal year. The program's goal is to rebuild its fund balance to the acceptable 60-65 day reserve, while maintaining the level of service our customers have come to expect.

Rate Explanation -The program allocates rent to agencies occupying space in the buildings controlled by the Department of Administration on a per-square-foot basis. The rates are established to cover the cost of personal services, operating expenses (including major maintenance), and new and replacement equipment. The program charges for project work completed for agencies by in-house staff or contracts with an outside vendor on a cost recovery basis.

The following rates have been established for the program for the next biennium:

Office Space

| | |
|-------------|-------------------------|
| Fiscal 2002 | \$5.90 per square foot |
| Fiscal 2003 | \$6.017 per square foot |

Warehouse Space

| | |
|-------------|------------------------|
| Fiscal 2002 | \$2.12 per square foot |
| Fiscal 2003 | \$2.12 per square foot |

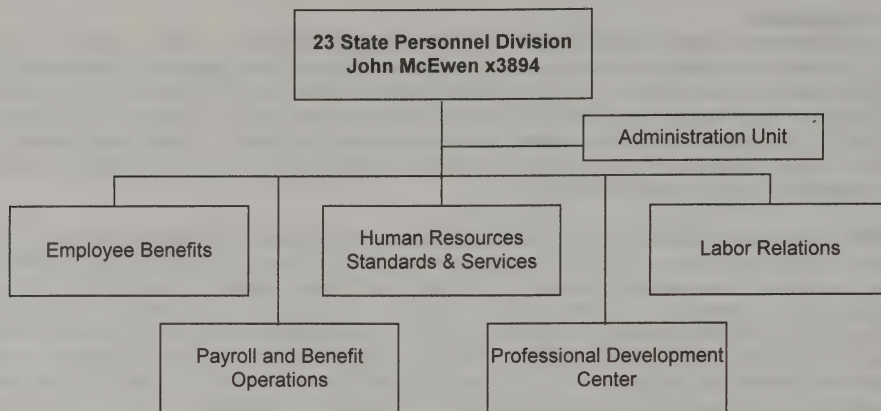
MAIL & DISTRIBUTION PROGRAM

Proprietary Rates

Program Description -The Central Mail Program provides: 1) mail pick-up and delivery in agencies' offices; 2) metering of all out-going U.S. mail; 3) bar coding qualified mailing to qualify for postal rate savings; 4) delivery of all inter-agency printed communications; 5) a Postal Contract Station with locked mail boxes; 6) for the services of 3rd party carriers; and 7) express mail service.

Revenues and Expenses - The program anticipates revenues of \$3,619,227 in FY 2002 and \$3,616,809 in FY 2003. These amounts are decreases of 2 percent over base year revenue. The program anticipates expenses of \$3,636,276 in FY 2002 and \$3,614,613 in FY 2003. These amounts are increases of approximately 7 percent and 6 percent, respectively, over base year expenses.

Rate Explanation -The Central Mail Program requests a 60-day working capital reserve, except for the rate for interagency mail. The legislature defined the rate for interagency mail to mean the total amount allocated for interagency mail charges in the fixed cost portion of agency budgets.



Program Description - See General Fund Program Description and Proprietary Rates Program Description. The Human Resources standards and Services Bureau and Labor Relations Bureau functions are governed by 2-18-2; 2-18-102; 2-18-301 through 303; 2-18-604; 2-18-1011 through 1013; 39-29-112; 39-30-106; and 39-31-101 through 409, MCA. The payroll unit is governed by 2-18-401 through 412, MCA. Functions administered by the Employee Benefits Bureau are governed by 2-18-808 through 814; 2-18-1101 through 1106; and 33-2-712, MCA. The Professional Development Center is governed by 2-18-102 (1)(b), MCA.

Program Indicators –

TABLE 1: Program Indicators for the State Benefit Plan 2003 Biennium

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| State Benefit Plan – Monthly average total cost per member, including claims, administrative and operating costs | \$304.67 | \$319.26 | \$354.39 | \$379.07 | \$404.10 | \$438.94 |

TABLE 2: Program Indicators for the Professional Development Center 2003 Biennium

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Estimated FY2002 | Estimated FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Central Training Program (PDC) – Student hours of training delivered | 26,099 | 19,013 | 22,717 | 25,400 | 30,100 | 30,500 |

TABLE 3: Program Indicators for the General Personnel Administration Program 2003 Biennium

| Indicator | Actual FY2000 | Estimated FY2001 | Estimated FY2002 | Estimated FY2003 |
|--|------------------|---------------------|---------------------|---------------------|
| Personnel Administration Program: | | | | |
| Grievances/Arbitrations | 30 | 30 | 30 | 30 |
| Competency Demonstration Projects | 13 | 15 | 20 | 25 |
| Number of employees covered under demonstration projects | 2,500 | 3,200 | 4,900 | 6,200 |
| Classification actions processed | 200 | 200 | 200 | 200 |
| Classification appeals | 4 | 15 | 10 | 10 |
| Policy revisions | 4 | 4 | 8 | 4 |
| Pay exception reviews | 13 | 13 | 13 | 13 |
| Collective bargaining agreements conducted during the biennium | N/A | 65 | N/A | 65 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 22.50 | 0.00 | 0.00 | 22.50 | 0.00 | 0.00 | 22.50 |
| Personal Services | 862,205 | 62,794 | 0 | 924,999 | 67,932 | 0 | 930,137 |
| Operating Expenses | 258,516 | 14,057 | 0 | 272,573 | (5,364) | 0 | 253,152 |
| Total Costs | \$1,120,721 | \$76,851 | \$0 | \$1,197,572 | \$62,568 | \$0 | \$1,183,289 |
| General Fund | 1,116,125 | 52,847 | 0 | 1,168,972 | 37,764 | 0 | 1,153,889 |
| State/Other Special | 4,596 | 24,004 | 0 | 28,600 | 24,804 | 0 | 29,400 |
| Total Funds | \$1,120,721 | \$76,851 | \$0 | \$1,197,572 | \$62,568 | \$0 | \$1,183,289 |

Significant Present Law Adjustments -

- Facilitate the state-sponsored daycare with a \$48,008 biennial state special revenue appropriation

General Fund Program Description:

The general fund program of the State Personnel Division is comprised of the Administrative Unit, which provides overall program management, accounting, legal, and clerical services; the Human Resources Standards and Services (HRSS) Bureau; and the Labor Relations Bureau. The HRSS Bureau develops, maintains and provides oversight for systems and standards and provides technical assistance, data analysis and reporting, training and consulting services to state agencies in the following areas: employee compensation, recruitment, selection, performance management and position classification. The HRSS Bureau also provides policy development and interpretation for federal and state employment law and state policy in areas such as ADA, EEO, FMLA, and FLSA, veterans and handicapped person's employment preference and sick and annual leave. The Labor Relations Bureau provides support to executive branch agencies in all collective bargaining and labor relations matters including:

- Contract negotiation and contract administration,
- Representation before the Board of Personnel Appeals,
- Representation in arbitration cases.

In addition to maintaining existing services and standards, a major project of the general fund program is the human resources competency project. The goal of this project is to develop an alternative classification and pay system and to introduce competency-based human resource practices into all major human resource management activities. Staff from both bureaus work with agencies to develop and implement competency models and new approaches to performance management and pay. Program staff is also involved in implementing the new human resources functionality of the SABHRS.

Another initiative is work force planning. The Division is examining the consequences of the "baby boom bubble" on recruitment and selection, pay and benefits, training and other human resources activities. State government needs to respond to the fact that 20 percent of its workforce will be eligible for retirement in the next several years.

Proprietary Rates

Program Description – State Personnel Division

The State Personnel Division manages three proprietary programs: 1) the Professional Development Center; 2) the Employee Benefits program, which includes the state's health insurance plan; and 3) the State Payroll Unit.

Professional Development Center (Fund 06525)

The Professional Development Center (PDC) provides a variety of training and facilitation services to state agencies on a fee reimbursement basis. About one percent of the program revenue comes from the sale of guidebooks and other publications. The program has a staff of 3.00 FTE and also funds a small portion of an accounting technician position in the division.

Employee Benefits Program (Fund 06559)

The Employee Benefits program provides a variety of insurance products for 30,000 state employees, former employees, and their dependents. Funding for the insurance comes from paid premiums. The State of Montana, as the employer, pays a state share contribution toward premium costs as part of the employees' benefits. Additional premiums are collected for dependent, retiree, and COBRA benefit coverage. The Employee Benefits program is charged with aggressively monitoring the health care market, providers and regulatory agencies in order to maintain a high quality, cost effective, employee benefit plan that insulates state employees, retirees, and their families, from financial harm due to illness or injury. The program works with the Montana Association of Health Care Purchasers on joint purchasing of cost-effective managed care plans. The program currently has a staff of 9.64 FTE and is requesting an additional 2.75 FTE in FY 2002 and FY 2003.

State Payroll Unit (Fund 06563)

The Payroll and Benefits Operations Unit operates the PeopleSoft payroll, benefits and human resources system (SABHRS) to process, distribute, report and account for payroll, benefits and associated withholding and deductions for 12,000+ state employees in the executive, legislative and judicial branches. The bureau establishes and maintains standards, processes and procedures to be followed by state agencies in preparing and submitting payroll, benefits and related human resources data into the system. The system operated by the bureau provides information and processing in support of division and statewide functions and programs including employee benefits (group insurance, FSA, deferred compensation) classification, pay, labor relations, policy and training. The Payroll Unit is staffed with 5.50 FTE currently, and is requesting an additional 0.50 FTE in FY 2002 and FY 2003.

Revenues and Expenses -

Professional Development Center (Fund 06525)

Demand for services has historically been measured by the number of participants served. This measure is variable and difficult to predict from quarter to quarter. Total participants served in recent fiscal years are as follows: FY 1998-2,898; FY 1999-2,279; FY 2000-3,210. The program projects revenues of \$238,380 in FY 2002 and \$239,654 in FY 2003 which is approximately a 0.5 percent increase each year through FY 2003, over base year revenues. It projects expenses of \$235,022 in FY 2002 and \$235,577 in FY 2003, which are increases of 1.0 percent and 1.2 percent over base year expenses. By the end of the biennium the program will have built up a fund balance of approximately \$7,400. Optimally, the PDC should have a 60-day operating reserve (about \$39,000). The program faced a severe revenue shortfall in FY 1999, just prior to the implementation of SABHRS, due to unusually low registrations. Agency demands for PDC trainings were down during this period when employees required extensive computer trainings, which are not offered by the PDC. PDC did increase its rates in mid-FY 2000 to \$90 for a full day course and \$60 for a half-day course, in an effort to boost revenues. The program is reluctant to increase its rates again in the too near future as this may discourage attendance rather than increase revenues.

Employee Benefits Program (Fund 06559)

The program projects revenues of \$66,636,200 in FY 2002 and \$76,010,000 in FY 2003, which are increases of 12 percent and 27 percent over FY 2000 revenues. Expenses are projected at \$71,576,304 in FY 2002 and \$78,538,081 in FY 2003, which are increases of 15 percent and 26 percent over FY 2000 expenses.

State Payroll Unit (Fund 06563)

The unit is projecting revenues of \$358,604 in FY 2002 and \$367,908 in FY 2003. Expenses are projected to be \$369,127 in FY 2002 and \$325,964 in FY 2003. The rates charged to state agencies will allow the program to maintain a

60-day working capital reserve.

Rate Explanation –
Professional Development Center (Fund 06525)

The Professional Development Center (PDC) establishes rates by separating fixed costs from the variable costs directly associated with producing a specific service, such as a training workshop. The total projected fixed costs are divided by an estimate of total billable hours to allocate fixed costs to billable staff hours.

Estimated billable hours for the three training FTE in the program stem from an analysis of the past five fiscal years. General preparation time, planning, administrative tasks, personal leave, and unbilled travel time are subtracted from the total available hours. This analysis indicates that 25 percent of total staff time can be billed to specific products or services. The remaining 75 percent are personal services and other fixed costs that must be allocated as overhead. The percentage allocated as fixed costs is an increase over previous biennia, as the PDC has cut variable costs where possible. The base price for services is calculated as:

$$(\text{Total Costs} \times 75\%) / (\text{Total Hours} \times 25\%) = \text{Staff Cost per Hour}$$

The base price is used to set the price of individual workshops by analyzing the staff time required to develop and provide the workshop, along with other variable costs associated with conducting the training. The base price is also used to set a general schedule of prices where staff time and variable expenses can be projected consistently. Using the projected total costs for the 2003 biennium, the department projects the following base prices:

$$\text{FY02 base price} = (\$235,022 \times .75) / (6,240 \times .25) = \$113/\text{hour}$$
$$\text{FY03 base price} = (\$235,577 \times .75) / (6,240 \times .25) = \$113/\text{hour}$$

Employee Benefits Program (Fund 06559)

The following schedule shows historical rates for the state contribution to employee insurance coverage. Rates for FY 2002 and FY 2003 have not been determined at this time.

| Fiscal Year | Monthly Contribution | Percent Increase over Previous Year |
|-------------|----------------------|-------------------------------------|
| 1994 | \$210 | |
| 1995 | \$230 | 9.5% |
| 1996 | \$220 | -4.3% |
| 1997 | \$225 | 2.3% |
| 1998 | \$245 | 8.9% |
| 1999 | \$270 | 10.2% |
| 2000 | \$285 | 5.5% |
| 2001 | \$295 | 3.5% |

*The FY 2001 rate becomes effective January 1, 2001.

The operating expenses incurred directly by the Employee Benefits program accounts for about \$5.30 of the monthly premium and does not significantly contribute to the request for premium increases. The most significant cost impact is from medical, pharmaceutical, and dental claims, which make up over 85 percent of total plan costs.

The state contribution is established by projecting plan costs and estimating the revenue necessary to maintain adequate actuarial reserves. Reserves are calculated as a percentage of claims and consist of two components; incurred but not reported (IBNR) reserves and claims fluctuation reserves. As a component of employee compensation, the state contribution is a subject of collective bargaining.

State Payroll Unit (Fund 06563)

Payroll fees, which are collected from each state agency, fund payroll staff and operations. After a budget is established for the 2003 biennium, costs are allocated to state agencies based on the number of employees each agency pays. Agencies are billed and payments collected at the beginning of each fiscal year. The estimate of the number of employees each agency pays is determined from actual employee numbers in FY 1999 and FY 2000. The 1999 Legislature allowed the payroll unit to charge fees which allow the program to maintain a 60-day working capital balance.

The proposed rates for FY 2002 and FY 2003 have increased over those charged in the 2001 biennium primarily because the rates charged in FY 2000 and FY 2001 were set below the actual cost requirements in order to use up

excess cash reserves which were carried over from the 1999 biennium. In addition, payroll fees for the 2003 biennium are increased to cover budget increases necessary to operate the payroll unit efficiently and with accuracy.

Significant Present Law -

State Payroll Unit (Fund 06563)

Significant budget changes proposed for the 2003 biennium include an increase in personal services for the addition of 0.50 FTE to perform help desk and accounting duties. The demands of the new payroll system have added workload for the existing staff. Adding this FTE will decrease overtime for the existing staff and improve the accuracy of payroll submitted by state agencies as a result of the help desk support the position provides.

Employee Benefits Program (Fund 06559)

The Payroll/Benefit Operations Unit, of the Employee Benefits program, is requesting an increase in personal services for the addition of 2.75 FTE. The additional FTE are needed to assist the program in computer programming and system analysis, providing member services through help desk activities and benefit problem resolution, and to assist with heavy workloads during the annual change period. The additional staff will also help minimize the overtime put in by existing staff as a result of the greater variety of benefit options provided by the program and the additional workload which resulted from the conversion to SABHRS.

The Benefits program plans to embark on a special project to negotiate discounts with medical providers in FY 2002. Work on this project will be contracted out due to the lack of available staff time to dedicate to this project. Costs for this project are expected to be \$25,000.

The program undergoes audits of its medical and pharmacy plans, in addition to the audit of the program. These audits occur during the second year of the biennium and cost around \$23,600. In addition, the program plans to republish the benefits booklet, which is provided to all state employees. Revising and printing the booklet in FY 2002 is expected to cost \$15,000.

The Benefits program rebid its contract for a claims administrator at the end of FY 2000. The contract price, as a result of this process, will increase 85 percent over the fees paid in FY 2000.

The program expects that enrollment in the Flexible Spending Account (FSA) benefit program will continue to increase annually, along with the dollar amount members elect to deposit in the FSA. The allowable contribution levels an employee may select have increased. Overall, the program anticipates that the FSA contributions and claims will increase 16 percent annually in FY 2002 and FY 2003. Contract prices for administration of the FSA program will increase to \$2.35 per member per month during the first half of FY 2002, and will increase again in the second half of FY 2002 to \$2.40. In the second half of FY 2003 the fee will increase to \$2.45 per member per month.

In FY 2000 the Benefits Program experienced an upturn in medical claims costs from an average annual increase of 6 percent to 12 percent. Annual increases in prescription drug claim costs have slowed, but are still running at 14 percent. The Benefits program projects that the cost of medical, dental, and pharmaceutical claims will continue to increase annually despite numerous measures to control these costs. The program is requesting present law increases for medical and dental claims of 13 percent in FY 2002 and 23 percent in FY 2003. For pharmaceutical claims the program requests present law increases of 22 percent in FY 2002 and 41 percent in FY 2003 over the base year.

24 Risk Mgmt Tort Defense
Brett Dahl x2421

Program Indicators

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| No. of claims/suits received | 799 | 1034 | 1172 | * | * | * |
| No. of claims/suits resolved | 703 | 1067 | 1220 | * | * | * |
| \$ Indemnity paid by year | \$2.8M | \$4.0M | \$7.4M | * | * | * |

* The services provided by RMTD are unique. It is impossible to predict the number of claims that will be filed against state agencies and how much it will cost to resolve those claims in any given year.

Proprietary Rates

Program Description -The Risk Management & Tort Defense Division (RMTD) insures state agencies against risk of loss for property, commercial vehicles, boiler, airport, aircraft, fidelity bond and fine arts. The state self-insures against property losses under \$150,000 (\$250,000 for the prison), and claims for general liability, errors and omissions, inland marine, auto liability, and foster care liability. The state carries full coverage auto insurance on certain state-owned vehicles and on all leased or loaned vehicles. The division also provides risk management and safety training, consultation services, claims administration and legal defense to prevent or minimize the adverse effects of physical or financial loss.

The Department of Administration is authorized by 2-9-202, MCA, to accumulate a self-insurance fund to pay for self-insured losses, to purchase insurance, and to fund operations. The stated funding objective for the self-insurance portion of the program is to maintain insurance rates sufficient to sustain consecutive "three year average" loss experiences of \$4.7 million over FY 2002 and FY 2003. This \$4.7 million dollar amount is based on average costs sustained. The State of Montana has tort damage caps of \$750,000 per claim, \$1,500,000 per occurrence. Because the state performs diverse and high-risk functions, three or four large catastrophic claims in any given year could drive the self-insurance fund balance to zero.

To set rates for the commercial insurance premium cost portion of the program, which is allocated to agency budgets as part of fixed costs, the program calculates the actual base year premiums paid to commercial carriers and adds on a percentage of increase. The program determines the amount of the percentage increase by talking to industry experts and brokers to get their opinions about how much commercial premiums will be in the upcoming biennium.

Revenues and Expenses -

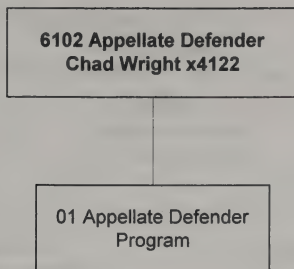
The program anticipates revenue of \$8,488,668 in FY 2002 and \$9,092,896 in FY 2003. These amounts are approximately 24 percent and 33 percent increases respectively over base year revenue. At that level of funding, the program will generate enough revenue to fund the average of losses sustained in the last three years. The program experienced a 71 percent increase in estimated tort claims liability in FY 2000 that significantly increased the base year operations. The program actual base year operations expenses were \$11,754,270. The program anticipates actual expenses of \$12,235,265 in FY 2002 and \$12,315,783 in FY 2003, which are both increases of approximately 4 percent over base year not including estimated tort claims liability. The program anticipates estimated tort claims liability to remain at this level for the 2003 biennium.

Rate Explanation -The goal of the program is to maintain insurance rates sufficient to sustain losses in each year of the biennium equal to the average losses sustained in the last three years. In the last three years the state sustained an average loss of \$4.7 million per year. The program's goal therefore is to generate enough premiums to sustain back-to-back losses of \$4.7 million per year. The program has not adjusted the \$4.7 million three-year average loss for inflation.

37 State Tax Appeal Board
Greg Thornquist x2720

Program Description - The State Tax Appeal Board, established by Article VIII, Section 7 of the Montana Constitution and 15-2-101, MCA, provides a tax appeal system for all actions of the Department of Revenue. It hears appeals from decisions of the 56 county tax appeal boards and takes original jurisdiction in matters involving income taxes, corporate taxes, severance taxes, centrally assessed property and new industry property, gasoline and vehicle fuels taxes, and cabin site leases. The board travels throughout the state to hear appeals from decisions of the county tax appeal boards and to conduct informational meetings for the various county tax appeal boards. The State Tax Appeal Board directs the county tax appeal board secretaries, who are state employees, and pays their salaries and employee benefits from its personal services appropriation. The board also reviews and pays the expenses, including employee benefits, of those county tax appeal board secretaries who are county employees. In addition, the board pays the clerical-related expenses for all 56 county tax appeal boards, including supplies, postage, and copies, but excluding office equipment.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 9.00 | 0.00 | 0.00 | 9.00 | 0.00 | 0.00 | 9.00 |
| Personal Services | 195,328 | 98,277 | 0 | 293,605 | 100,093 | 0 | 293,625 |
| Operating Expenses | 85,238 | (5,191) | 0 | 80,047 | (4,793) | 0 | 80,445 |
| Local Assistance | 2,759 | 0 | 0 | 2,759 | 0 | 0 | 2,759 |
| Total Costs | \$283,325 | \$93,086 | \$0 | \$376,411 | \$95,300 | \$0 | \$378,625 |
| General Fund | 283,325 | 93,086 | 0 | 376,411 | 95,300 | 0 | 378,625 |
| Total Funds | \$283,325 | \$93,086 | \$0 | \$376,411 | \$95,300 | \$0 | \$378,625 |



Mission Statement - To permit state courts to fulfill, in a cost-effective manner, federal and state constitutional and statutory obligations to appoint counsel to effectively represent indigent persons who wish to pursue their rights to challenge criminal convictions, by means of appeals to the supreme court or by other post-conviction challenges; to assist defense counsel in appeals on request; to aid the Appellate Defender Commission in promulgating standards for the appointment of trial and appellate counsel in Montana; and to develop and maintain a roster of defense attorneys eligible for appointment in Montana.

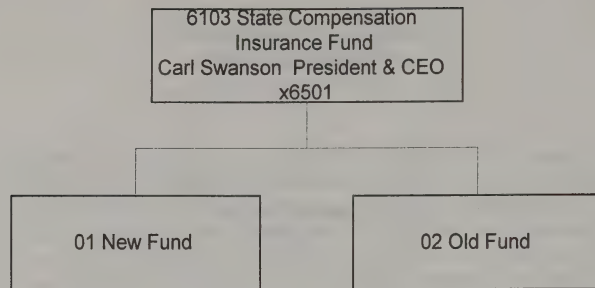
Statutory Authority - State mandates are established at 46-8-210 through -213, MCA.

Program Description - The Office of the Appellate Defender is an agency administratively attached to the Department of Administration. Prior to creation of the agency by the 1995 Legislature, the Appellate Defender Program was administratively attached to the Department of Administration and funded by a statutory appropriation. The appellate defender is hired by, and serves at the pleasure of, the Appellate Defender Commission. The appellate defender provides legal counsel for indigent persons who have been convicted and then appeal their district court conviction or petition for post-conviction relief from proceedings in district court. The appellate defender also aids the commission in compiling and keeping current a roster of Montana attorneys eligible for appointment by an appropriate court as trial and appellate defense counsel for the indigent.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 3.00 | 0.00 | 0.00 | 3.00 | 0.00 | 0.00 | 3.00 |
| Personal Services | 129,908 | 2,523 | 0 | 132,431 | 3,423 | 0 | 133,331 |
| Operating Expenses | 40,983 | 7,720 | 0 | 48,703 | 8,187 | 0 | 49,170 |
| Total Costs | \$170,891 | \$10,243 | \$0 | \$181,134 | \$11,610 | \$0 | \$182,501 |
| General Fund | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| State/Other Special | 170,891 | 10,243 | 0 | 181,134 | 11,610 | 0 | 182,501 |
| Total Funds | \$170,891 | \$10,243 | \$0 | \$181,134 | \$11,610 | \$0 | \$182,501 |

Significant Present Law Adjustments -

- Attend training seminars dealing with issues particular to appellate defense
- Contract for expert witnesses in certain court cases

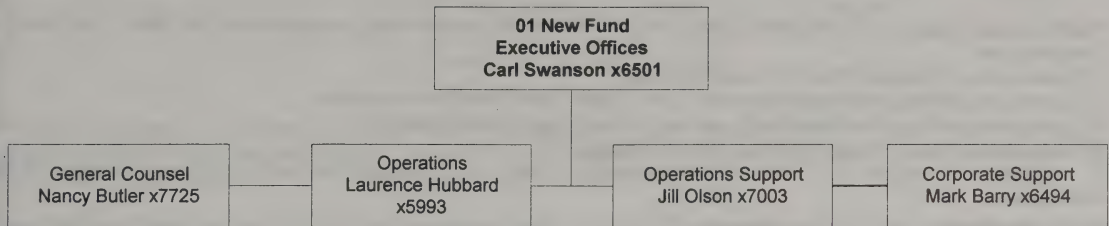


Mission Statement - The State Fund is Montana's insurance carrier of choice and industry leader in service.

Statutory Authority - The State Compensation Insurance Fund (State Fund) provides liability insurance for workers' compensation and occupational disease and may not refuse coverage to any employer requesting coverage (Title 39, Chapter 71, MCA).

Section 39-71-2321, MCA, provides that all funds deposited in the State Fund may be expended as provided in 17-8-101(2)(b), under general laws, or contracts entered into in pursuance of law permitting the disbursement. Based on this statutory provision, the State Fund is not budgeted in the general appropriations act.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 234.75 | (10.25) | 0.00 | 224.50 | (10.25) | 0.00 | 224.50 |
| Personal Services | 9,905,399 | 1,511,046 | 0 | 11,416,445 | 1,654,416 | 0 | 11,559,815 |
| Operating Expenses | 10,009,553 | 729,732 | 0 | 10,739,285 | 968,603 | 0 | 10,978,166 |
| Equipment | 762,856 | (273,356) | 0 | 489,500 | (272,356) | 0 | 490,500 |
| Benefits & Claims | 70,721,356 | 367,577 | 0 | 71,088,933 | 2,049,197 | 0 | 72,770,553 |
| Total Costs | \$91,399,164 | \$2,334,999 | \$0 | \$93,734,163 | \$4,399,860 | \$0 | \$95,799,024 |
| Proprietary | 91,399,164 | 2,334,999 | 0 | 93,734,163 | 4,399,860 | 0 | 95,799,024 |
| Total Funds | \$91,399,164 | \$2,334,999 | \$0 | \$93,734,163 | \$4,399,860 | \$0 | \$95,799,024 |



Program Description -The State Fund provides liability insurance for workers' compensation and occupational disease and may not refuse coverage to any employer requesting coverage (Title 39, Chapter 71, MCA). The Montana Workers' Compensation Act requires all employers in Montana who have employees in service to carry workers' compensation insurance. The Department of Labor and Industry regulates the workers' compensation industry in Montana. Three plans exist for coverage: Plan I-self-insured; Plan II-Private Insurance Companies; or Plan III-State Compensation Insurance Fund (State Fund). The State Fund is a nonprofit public corporation.

The State Fund guarantees the availability of workers' compensation coverage for all employers in Montana. Montana law requires the State Fund to insure any employer in the state who requests coverage, except those in default of a prior payment to the fund. As provided in law, the State Fund insures all state agencies.

Under the workers' compensation laws of Montana, the State Fund is liable for payment of benefits to employees for injuries arising out of and in the course of employment, or in the case of death or injury, to the beneficiaries.

The State Fund oversees two programs:

- 1) The State Fund is responsible for managing claims and benefits payments for injuries occurring on or after July 1, 1990.
- 2) The State Fund is responsible for administering claims of the Old Fund, claims occurring before July 1, 1990.

All premiums and other money paid to the State Fund, all property and securities acquired through the use of money belonging to the State Fund and, all interest and dividends earned upon money belonging to the State Fund are the sole property of the State Fund. The money must be used exclusively for the operations and obligations of the State Fund. The money collected by the State Fund can not be used for any other purpose (39-71-2320 (1), MCA).

Management of the State Fund is vested in a seven-member board of directors appointed by the Governor. Statute requires the State Fund to set premium rates at levels sufficient, when including future investment income, to fund the insurance program. This includes the cost of administration, benefits, and adequate reserves. The State Fund is subject to the laws governing state agencies, unless specifically exempted by statute.

Section 39-71-2321, MCA, provides that all funds deposited in the State Fund may be expended as provide in 17-8-101(2)(b), under general laws, or contracts entered into in pursuance of law, permitting the disbursement. Based on this statutory provision the State Fund is not budgeted in the general appropriations act.

The board is statutorily required to establish a business plan (39-71-2315,MCA) and an annual budget within parameters defined in law (39-71-2363,MCA). State law requires the State Fund to submit its annual budget to the Legislative Finance Committee for review. The Board may approve administrative expenditures in excess of 15 percent of prior year's premium, but the excess amount may not to exceed one-half of prior fiscal year's earned investment income. Dividends may not be included as administrative expenditures.

The State Fund's 2003 biennial projected expenditures and funding are based on the State Fund's FY 2001 Strategic Business Plan projected through the biennium. The annual budgets shall consist of an estimate of the entire expense of

STATE COMPENSATION INSURANCE FUND NEW FUND

6103
01

administering the State Fund for the succeeding fiscal year, with due regard for the business interests and contract obligations of the State Fund. Workers' compensation premiums and investment earnings on State Fund assets fund the State Fund operations. The State Fund does not receive general fund.

Priority issues established in the State Fund's FY 2001 Strategic Business Plan, as approved by the State Fund Board of Directors, are:

- 1) Redesign and Reorganization for Customer Focus;
- 2) Continue to enhance the functionality and utility of State Fund information systems;
- 3) Continue to build on the State Fund's agency distribution and delivery system;
- 4) Increase the 'Ease of doing business' with the State Fund;
- 5) Upgrade and expand the State Fund's marketing strategy and capacity to become more competitive in the marketplace.

During the latter half of FY 2000 and the first half of FY 2001 the State Fund underwent a significant reorganization to develop efficiencies in work processes, as was part of the Strategic Business Plan. A team environment was established to enable the State Fund to increase responsiveness toward our customers and business partners. As a result of the reorganization the staff was reduced from 234.75 to 224.50 FTE.

The State Fund Board of Directors is the approving authority for the State Fund budget. The board approves an annual budget. The State Fund board has not approved the expenditure levels in the following budget table for the 2003 biennium.

The budget table shown below reflects projected operating, claim expenses, and funding. The data cited in the table is for informational purposes only and is based on a two-year State Fund staff projection of operations. Estimates for claim expenditures and funding are periodically updated by staff and are subject to change.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-----------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Net Premium (000's) | \$76,421 | \$70,170 | \$76,421 | \$70,507 | \$75,392 | \$82,547 |
| Policyholders As of 6/30 | 24,043 | 24,823 | 23,481 | 23,320 | 23,903 | 24,501 |
| Claims Reported | 11,363 | 10,800 | 10,933 | 11,479 | 12,053 | 12,656 |

Rate Explanation -39-71-2330. Rate setting -- surplus. (1) The board has the authority to establish the rates to be charged by the State Fund for insurance. The board shall engage the services of an independent actuary who is a member in good standing with the American academy of actuaries to develop and recommend actuarially sound rates. Rates must be set at amounts sufficient, when invested, to carry the estimated cost of all claims to maturity, to meet the reasonable expenses of conducting the business of the State Fund, and to amass and maintain an excess of surplus over the amount produced by the national association of insurance commissioners' risk-based capital requirements for a casualty insurer.

(2) Because surplus is desirable in the insurance business, the board shall annually determine the level of surplus that must be maintained by the state fund pursuant to this section, but shall maintain a minimum surplus of 25 percent of annual earned premium. The state fund shall use the amount of the surplus above the risk-based capital requirements to secure the State Fund against various risks inherent in or affecting the business of insurance and accounted for or only partially measured by the risk-based capital requirements.

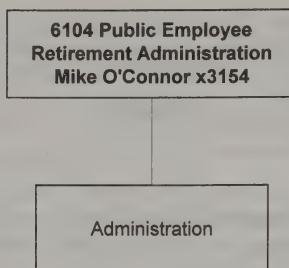
OLD FUND

02 Old Fund

Program Description -The State Fund administers the claims of the Old Fund and charges the cost of administering the claims to the Old Fund. The State Fund is limited in law to charge no more than \$1.25 million per year to the Old Fund for claims administration.

The Old Fund was funded through the Old Fund liability tax (OFLT), enacted in 1993 and administered by the Department of Revenue. The Old Fund liability tax was eliminated January 1, 1999. State law established parameters for the termination of the OFLT. The State of Montana budget director certified that the statutory parameters had been satisfied and that the Old Fund liability was adequately funded.

At the September 16, 1998, State Fund board meeting, the consulting actuary advised the board that as of 12/31/98 the Old Fund would be fully funded including a contingency of 10 percent. As a result of this action, the board in turn advised the State of Montana budget director that the Old fund would be fully funded as of 12/31/98. On September 16, 1998, the budget director submitted written notice to the Department of Revenue to begin efforts to provide for terminating the collection of the Old Fund liability tax on January 1, 1999.



Mission Statement – The Montana Public Employee Retirement Administration will efficiently provide quality benefits, education and service to help our plan members and beneficiaries achieve a quality retirement.

Statutory Authority – Title 2, Chapter 15; Title 19, Chapters 2, 3, 5, 6, 7, 8, 9, 13, 17, and 50, MCA; and Internal Revenue Service codes

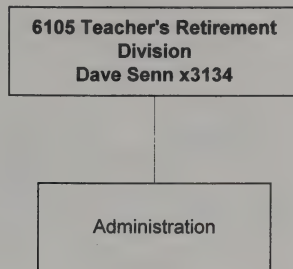
Program Description – The Public Employees' Retirement Board administers eight statutorily distinct public retirement systems: Public Employees', Judges', Game Wardens and Peace Officers', Sheriffs', Highway Patrol Officers', Municipal Police, and Firefighters' Unified retirement systems, and the Volunteer Firefighter's Compensation Act. The board also administers the state's Deferred Compensation Program. The board is allocated to the Department of Administration, which means that the board hires the staff for the Public Employee Retirement Administration, which carries out the daily administration of the systems. The Public Employees' Retirement Board has 30 employees. This agency accounts for over \$3.7 billion held in trust for the eight public pension plans and a deferred compensation plan administered by the board. Monthly retirement, disability, and death benefits are paid to over 16,000 recipients. Annual benefit payments exceed \$128 million. Contributions from over 32,000 active members are collected and accounted.

Program Indicators -

| Indicator | Actual FY 1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Estimated FY2002 | Estimated FY2003 |
|------------------------|-------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Benefits | 122,530,311 | 128,654,433 | 135,925,468 | 144,080,996 | 152,725,856 | 161,889,407 |
| Defined Benefit Assets | 2,899,348,488 | 3,245,111,997 | 3,497,845,464 | 3,920,479,169 | 4,390,936,669 | 4,180,171,709 |
| Deferred Comp Assets | 163,969,000 | 179,924,000 | 202,162,660 | 222,208,727 | 244,429,599 | 268,872,559 |

| Summary of FY 2000 Expenditures | |
|---------------------------------|--------------------|
| FTE | 30.00 |
| Personal Services | \$875,604 |
| Operating Expenses | \$713,623 |
| Equipment | \$ 36,191 |
| Total | \$1,625,418 |

The 1997 Legislature made pension trust fund expenditures non-budgeted. To ensure unbiased and effective administration, total administrative expenses may not and do not exceed 1.5 percent of the total retirement benefits paid.



Mission Statement - To maintain a financially sound system that is actuarially funded that will provide the broadest and fairest possible range of disability, death and retirement benefits to teachers and other eligible members of the State of Montana as prescribed by state statutes.

Statutory Authority – Montana Constitution, Article VIII, Sections 13 and 15, Title 19, Chapter 20, MCA; and Internal Revenue Service codes

Program Description - The Teachers' Retirement Board, which consists of six members appointed by the Governor, is responsible for the administration of the Teachers' Retirement System (TRS). To assist in fulfilling its duties, the board employs a full-time staff. The TRS administers retirement, disability, and survivor benefits for all Montana teachers and their beneficiaries.

Program Indicators -

| Indicator | Actual FY 1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Estimated FY2002 | Estimated FY2003 |
|---------------|-------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Contributions | 86,613,910 | 87,731,106 | 93,593,966 | 98,000,000 | 112,000,000 | 116,000,000 |
| Benefits | 94,204,970 | 100,028,083 | 113,974,674 | 120,000,000 | 126,000,000 | 132,000,000 |

| Summary of FY 2000 Expenditures | |
|---------------------------------|--------------------|
| FTE | 14.00 |
| Personal Services | \$ 560,224 |
| Operating Expenses* | \$ 733,581 |
| Total | \$1,293,805 |

* Includes depreciation and amortization

The 1997 Legislature made pension trust fund expenditures non-budgeted. To ensure unbiased and effective administration, total administrative expenses may not and do not exceed 1.5 percent of the total retirement benefits paid.



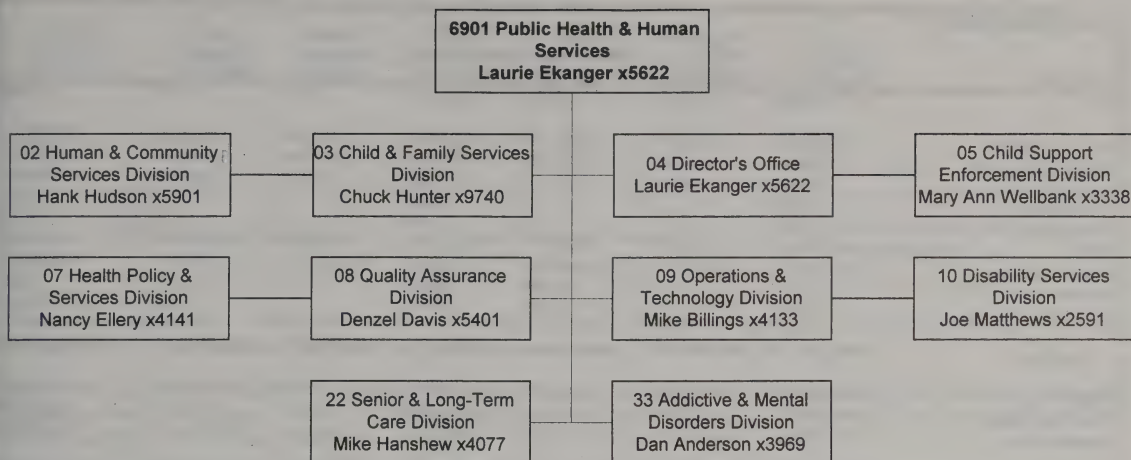
PUBLIC HEALTH AND HUMAN SERVICES

Department of Public Health and Human Services

OBPP Staff

Bob Andersen
Connie Welsh

x3699
x4115



Mission Statement - The mission of the Montana Department of Public Health and Human Services is to improve and protect the health, well being, and self-reliance of all Montanans.

Statutory Authority - 2-15-2201, MCA

Executive Budget Recommendation -

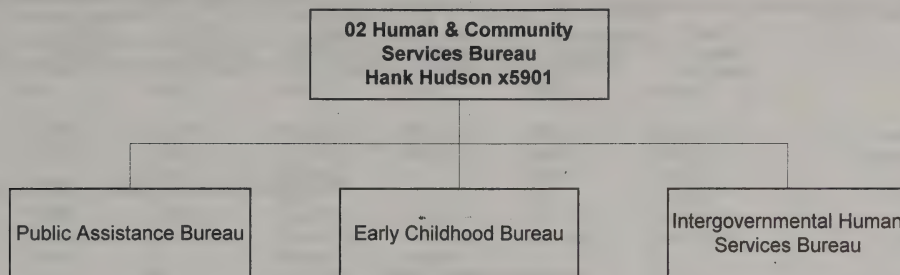
- Increase funding and personnel resources for more intensive services in the foster care system
- Increase funding by over \$43 million during the biennium for payments to private providers of service for programs managed by DPHHS
- Provide over \$29 million TANF federal block grant funds over the biennium for the second phase of the welfare reform program, FAIM Phase II, designed to incorporate more extensive services for the working poor to keep them employed, provide more services to help families divert from the public assistance system altogether, and add more intensive services and assessments to help families identify and address barriers to employment earlier in the program
- Beginning in fiscal year 2003 increase eligibility for the Children's Health Insurance Program (CHIP) from 150 percent to 175 percent of the federal poverty level to serve an additional approximately 2,600 children
- Increase by \$36 million the funding and by 27 staff the personnel resources for supplemental costs of the Mental Health Medicaid Program, the Mental Health Services Plan, and the Montana State Hospital
- Benefits provided by the Medicaid Program are divided among the Health Policy and Services Division, the Disability Services Division, the Senior and Long Term Care Services Division, and the Addictive and Mental Disorders Division. The state and federal funding percentage rates for the program are determined using the Federal Medical Assistance Percentage (FMAP) formula, which compares the per capita income in Montana to the U.S. per capita income during a three year period.

The state share percentages for Medicaid during state fiscal years 1998 through 2003 are 29.83%, 28.56%, 27.84%, 27.15%, 27.12%, 26.98% (projected), respectively. Each percentage point decrease in state share reduces the state cost approximately \$4 million per year. The reductions in state cost share for the Medicaid Program during the 2003 biennium, over the state costs for the 2001 biennium, are proposed to be re-invested in supporting the growth in Medicaid expenditures and strengthening human services programs throughout the department

Language - The following language is recommended for HB2:

"The department may add FTE instead of contracting for services if it certifies to the office of budget and program planning that FTE are more cost effective than contracting. FTE added through this language will be modified and may not be included in the 2003 biennium base budget."

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 2,696.84 | 87.00 | 46.10 | 2,829.94 | 96.00 | 55.85 | 2,848.69 |
| Personal Services | 98,366,813 | 5,594,937 | 1,834,153 | 105,795,903 | 6,460,961 | 2,195,444 | 107,023,218 |
| Operating Expenses | 70,760,991 | 7,392,238 | 13,576,449 | 91,729,678 | 8,407,318 | 6,544,728 | 85,713,037 |
| Equipment | 793,242 | 122,483 | 222,157 | 1,137,882 | 45,483 | 107,157 | 945,882 |
| Capital Outlay | 6,356 | 0 | 0 | 6,356 | 0 | 0 | 6,356 |
| Local Assistance | 6,249 | 0 | 0 | 6,249 | 0 | 0 | 6,249 |
| Grants | 37,927,039 | 5,700,497 | 1,337,478 | 44,965,014 | 6,098,641 | 1,274,952 | 45,300,632 |
| Benefits & Claims | 558,364,221 | 95,030,673 | 101,215,399 | 754,610,293 | 116,059,651 | 104,662,541 | 779,086,413 |
| Transfers | 0 | 0 | 28,950 | 28,950 | 0 | 29,221 | 29,221 |
| Debt Service | 619,798 | 0 | 2,850 | 622,648 | 0 | 2,850 | 622,648 |
| Total Costs | \$766,844,709 | \$113,840,828 | \$118,217,436 | \$998,902,973 | \$137,072,054 | \$114,816,893 | \$1,018,733,656 |
| General Fund | 228,813,863 | 22,898,313 | 9,298,163 | 261,010,339 | 27,817,175 | 14,282,538 | 270,913,576 |
| State/Other Special | 32,370,025 | 5,357,157 | 1,701,658 | 39,428,840 | 7,051,183 | 3,210,217 | 42,631,425 |
| Federal Special | 505,660,821 | 85,585,358 | 107,217,615 | 698,463,794 | 102,203,696 | 97,324,138 | 705,188,655 |
| Total Funds | \$766,844,709 | \$113,840,828 | \$118,217,436 | \$998,902,973 | \$137,072,054 | \$114,816,893 | \$1,018,733,656 |



Program Description - The Human and Community Services Division is comprised of three bureaus: 1) Public Assistance; 2) Early Childhood Services; and 3) Intergovernmental Human Services.

The Public Assistance Bureau administers Montana's welfare reform initiative, known as FAIM (Families Achieving Independence in Montana). The bureau also provides eligibility services for Medicaid, CHIP (Children's Health Insurance Program), and food stamps.

The Early Childhood Bureau: 1) manages the funds which pay for child care for FAIM participants and low-income working families; 2) contracts with 12 resource and referral agencies to administer child care eligibility, provider recruitment, and technical assistance; and 3) administers the Child and Adult Care Food Program which provides reimbursement to providers for the cost of meals served to eligible children.

The Intergovernmental Human Services Bureau administers: 1) the Community Services Block Grant which is used by ten Human Resource Development Councils to provide a wide range of community-based human services; 2) the Low-Income Energy Assistance Program and weatherization program; 3) five other weatherization programs; 4) the Emergency Shelter Grants program; and 5) USDA commodities programs. The bureau stores and distributes USDA commodity foods to a wide range of recipients.

Statutory authority for the program is provided in Title 53, Chapter 2, MCA, and 45 CFR.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Pounds of food delivered to Indian Reservations, elderly feeding sites, charitable organizations, and soup kitchens (in millions) | 8.3 | 7.4 | 9.3 | 9 | 9 | 9 |
| Number of low-income homes weatherized | 1,370 | 1,614 | 1,471 | 1,435 | 1,400 | 1,400 |
| Number of households provided with energy assistance | 15,198 | 14,334 | 14,717 | 15,500 | 15,500 | 15,500 |
| Achieve the all family work participation rate to qualify for the 75% state maintenance of effort | 30% | 35% | 40% | 45% | 50% | 50% |
| Achieve the two-parent work participation rate to qualify for the 75% state maintenance of effort | 75% | 90% | 90% | 90% | 90% | 90% |
| Number of low-income working families receiving child care assistance | 5,439 | 6,820 | 8,288 | 9,100 | 10,025 | 11,000 |

**PUBLIC HEALTH & HUMAN SERVICES
HUMAN AND COMMUNITY SERVICES DIVISION**

**6901
02**

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 435.95 | 12.00 | 4.00 | 451.95 | 12.00 | 4.00 | 451.95 |
| Personal Services | 16,488,993 | 156,965 | 137,725 | 16,783,683 | 259,164 | 138,202 | 16,886,359 |
| Operating Expenses | 8,185,024 | (30,447) | 8,012,602 | 16,167,179 | (162,836) | 155,478 | 8,177,666 |
| Equipment | 111,077 | 70,500 | 0 | 181,577 | 17,500 | 0 | 128,577 |
| Capital Outlay | 6,356 | 0 | 0 | 6,356 | 0 | 0 | 6,356 |
| Grants | 15,085,953 | 1,300,000 | 56,271 | 16,442,224 | 1,700,000 | 56,271 | 16,842,224 |
| Benefits & Claims | 55,908,900 | 3,857,415 | 78,013,106 | 137,779,421 | 3,757,415 | 59,455,027 | 119,121,342 |
| Transfers | 0 | 0 | 28,950 | 28,950 | 0 | 29,221 | 29,221 |
| Debt Service | 44,855 | 0 | 0 | 44,855 | 0 | 0 | 44,855 |
| Total Costs | \$95,831,158 | \$5,354,433 | \$86,248,654 | \$187,434,245 | \$5,571,243 | \$59,834,199 | \$161,236,600 |
| General Fund | 19,601,819 | (23,657) | 0 | 19,578,162 | (190,098) | 0 | 19,411,721 |
| State/Other Special | 3,484,798 | (86,734) | 0 | 3,398,064 | (66,946) | 0 | 3,417,852 |
| Federal Special | 72,744,541 | 5,464,824 | 86,248,654 | 164,458,019 | 5,828,287 | 59,834,199 | 138,407,027 |
| Total Funds | \$95,831,158 | \$5,354,433 | \$86,248,654 | \$187,434,245 | \$5,571,243 | \$59,834,199 | \$161,236,600 |

Significant Present Law Adjustments -

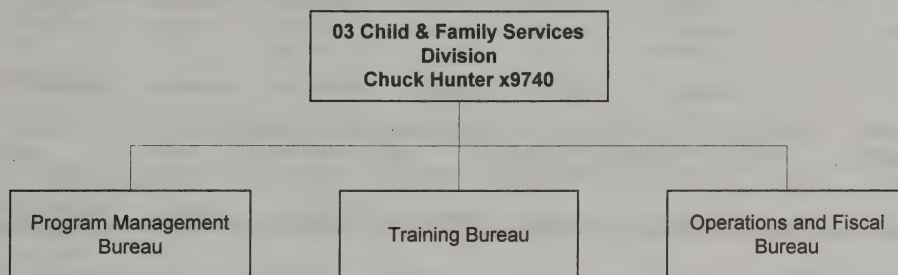
- Adjust the federal funding and add 1.00 FTE for management of the Refugee Resettlement Program
- Expand federal funding for the Child and Adult Care Food Program to reflect a projected increase in food subsidies and reimbursement rate
- Annualize federal spending for Temporary Assistance for Needy Families (TANF) benefits and fund 6.00 FTE for fiscal and contract monitoring, work participation validation, and implementation of the next stage of welfare reform
- Increase various federally-funded energy and food assistance programs and add general fund for the Montana Food Bank to purchase additional equipment and supplies
- Adjust federal and general fund for increased Food Stamp program requirements
- Enhance county eligibility outreach, case management, and resource coordination services for TANF, Food Stamps, and Medicaid
- Increase spending authority for Public Assistance program implementation, policy interpretation, and program management
- Correct an expenditure transaction error that was recorded in the state accounting system

New Proposals -

- Add federal spending authority and 3.00 FTE for caseload increases for the Child Care Program and for the supplemental Head Start grant
- Create new federal spending authority to provide commodities to 7,500 low-income elderly persons and children between the ages of five and six and include funding for 1.00 FTE
- Add new federal spending authority to provide home weatherization, client education, and cost effective retrofits or repairs to space or water heating devices in a minimum of 300 low-income households
- Provide \$89,000 new federal funds for the Elderly Refugee Grant that serves low-income elderly Hmong and Russian refugees
- Decrease state TANF federal funding by \$1.9 million to reflect the change of the Fort Belknap Indian Community from a state-administered to a Tribal-administered TANF plan
- Provide DOT Motor Pool lease vehicles for statewide travel of staff in the Public Assistance Bureau
- Provide \$29.3 million TANF federal block grant over the biennium for FAIM Phase II to fund program changes and additions, designed to ensure the success of welfare reform in Montana
- Contract with MSU Extension Service Housing Program (MSUES) to provide training and technical assistance for weatherization managers within the Denver federal Department of Energy (DOE) region
- Increase Low Income Energy Assistance (LIEAP) grant for federal energy contingency funds awarded in response to increases in heating fuel costs
- Provide additional federal authority over the biennium for child care matching funds.
- Increase biennial federal authority by \$103,304,322 to enable electronic benefit transfer cash assistance instead of food stamps

Language Recommendations - The following language is recommended for HB2
"Benefits for TANF are set at 40.5% of the poverty rate for each year of the biennium."
"The provider rate increase provided for child care should reflect local markets."

CHILD & FAMILY SERVICES DIVISION



Program Description - The Child and Family Services (CFS) Division administers child welfare services, abuse prevention services, domestic violence grants, and other programs designed to keep children safe and families strong. CFS oversees five regional offices that administer programs and are advised by Local Family Services Advisory Councils, which serve as the link between local communities and DPHHS. CFS also provides the user liaison for the large statewide computer system application: CAPS (the Child and Adult Protective Services) system. Statutory authority for the program is provided in Titles 33, 40, 41, 42, 50, 52, and 72, MCA, and 45CFR, Parts 1355 and 1370.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|-------------------|---------------------|---------------------|---------------------|
| Total Number of Children in Out of Home Care at some time throughout the year (unduplicated) | 3,381 | 3,561 | 3,579 | 4,003 | 4,124 | 4,249 |
| Finalized subsidized Adoption Caseload | 673 | 820 | 970 | 1,198 | 1,378 | 1,584 |
| Average Number of Placements per Child per year. | 3.72 | 3.82 | 3.86 | 3.8 | 3.7 | 3.6 |
| Total # of Families served by Prevention Programs | 1,256 | 1,108 | 1,250 estimate | 1,300 | 1,350 | 1,400 |
| Average length of time (number of days) children remain in out of home placements | 731 | 766 | 790 | 780 | 770 | 760 |
| Permanent Placements | 684 | 675 | 691 | 716 | 741 | 766 |
| Use of extended families for kinship placement | 459 | 717 | 908 | 1,100 | 1,200 | 1,300 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 324.75 | 0.00 | 18.75 | 343.50 | 0.00 | 26.00 | 350.75 |
| Personal Services | 12,320,176 | (169,737) | 789,530 | 12,939,969 | (102,980) | 1,061,995 | 13,279,191 |
| Operating Expenses | 3,257,286 | 476,523 | 414,700 | 4,148,509 | 656,895 | 395,687 | 4,309,868 |
| Equipment | 10,558 | 0 | 110,000 | 120,558 | 0 | 0 | 10,558 |
| Grants | 4,412,608 | 84,992 | 750,000 | 5,247,600 | 84,992 | 1,000,000 | 5,497,600 |
| Benefits & Claims | 20,138,739 | 2,344,792 | 1,624,895 | 24,108,426 | 3,869,510 | 2,471,636 | 26,479,885 |
| Debt Service | 89,150 | 0 | 0 | 89,150 | 0 | 0 | 89,150 |
| Total Costs | \$40,228,517 | \$2,736,570 | \$3,689,125 | \$46,654,212 | \$4,508,417 | \$4,929,318 | \$49,666,252 |
| General Fund | 18,116,310 | 1,263,115 | 3,593,930 | 22,973,355 | 2,064,303 | 4,369,808 | 24,550,421 |
| State/Other Special | 2,877,029 | 82,261 | 0 | 2,959,290 | 104,008 | 0 | 2,981,037 |
| Federal Special | 19,235,178 | 1,391,194 | 95,195 | 20,721,567 | 2,340,106 | 559,510 | 22,134,794 |
| Total Funds | \$40,228,517 | \$2,736,570 | \$3,689,125 | \$46,654,212 | \$4,508,417 | \$4,929,318 | \$49,666,252 |

Significant Present Law Adjustments -

- Provide funding for projected caseload growth in the Subsidized Adoption program
- Increase funding for a projected caseload growth in the Foster Care program
- Replace existing department fleet vehicles with DOT Motor Pool lease units
- Provide funding for increased rent in regional offices and zero-based overtime for social worker staff
- Replace out-dated computer equipment with new leased computers
- Maintain current funding level for the Big Brothers/Big Sisters program
- Expand Title IV-E Case Management to the Sioux and Assiniboine Tribes of the Fort Peck Indian Reservation

New Proposals -

- Increase the daily rate of reimbursement for services in the Family Foster Care program
- Increase the daily rate of reimbursement for services in the Subsidized Adoption program
- Add to the rate of reimbursement for services provided by foster care facilities
- Replace Social Services Block Grant (Title XX) funds with general fund
- Increase funding and personnel resources to address workload and staffing issues associated with the foster care system
- Expand Child Protective Services (CPS) Day Care funding

**04 Director's Office
Laurie Ekanger x5622**

Program Description - The Director's Office provides overall policy development and administrative guidance for the department. Included in the Director's Office are legal affairs, personnel services, public information, customer relations, the prevention resource center, and the Montana Telecommunications Access Program. The Department of Public Health and Human Services Statewide Advisory Council and the Native American Advisory Council are administratively attached. Statutory authority for the program is provided in 2-15-225, 2-15-2201, and 2-15-2212, MCA; 53-19-306, MCA; and ARM 37.1.101.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| MTAP Relay Service total minutes per year | 338,818 | 394,518 | 329,404 | 362,345 | 395,579 | 438,437 |
| MTAP Relay Service total costs per year | 423,523 | 493,148 | 395,285 | 543,518 | 593,369 | 657,656 |
| Average calls per year | 52,940 | 61,643 | 51,469 | 56,616 | 61,809 | 68,506 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 31.50 | 0.00 | 2.50 | 34.00 | 0.00 | 2.50 | 34.00 |
| Personal Services | 1,269,796 | 111,159 | 98,175 | 1,479,130 | 119,065 | 98,511 | 1,487,372 |
| Operating Expenses | 935,812 | 215,279 | 74,913 | 1,226,004 | 278,613 | 75,816 | 1,290,241 |
| Debt Service | 11,897 | 0 | 1,650 | 13,547 | 0 | 1,650 | 13,547 |
| Total Costs | \$2,217,505 | \$326,438 | \$174,738 | \$2,718,681 | \$397,678 | \$175,977 | \$2,791,160 |
| General Fund | 550,778 | 45,837 | 30,054 | 626,669 | 49,774 | 29,975 | 630,527 |
| State/Other Special | 966,273 | 220,957 | 117,006 | 1,304,236 | 283,244 | 118,395 | 1,367,912 |
| Federal Special | 700,454 | 59,644 | 27,678 | 787,776 | 64,660 | 27,607 | 792,721 |
| Total Funds | \$2,217,505 | \$326,438 | \$174,738 | \$2,718,681 | \$397,678 | \$175,977 | \$2,791,160 |

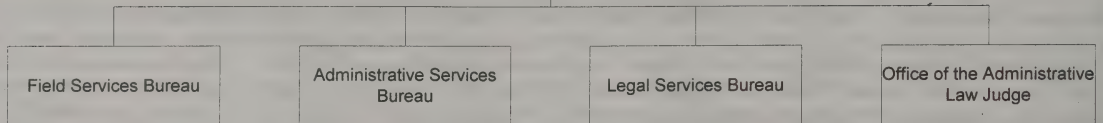
Significant Present Law Adjustments -

- Fund increased contract costs for relay services for telecommunications access

New Proposals -

- Support increased community contributions to the AmeriCorps VISTA program
- Establish 1.00 FTE human services specialist for Montana Telecommunications Access Program (MTAP)
- Lease two vehicles from DOT Motor Pool for Montana Telecommunications Access Program (MTAP)
- Provide 1.50 FTE to help the Interagency Coordinating Council on State Prevention (ICC) and Prevention Resource Center programs

05 Child Support Enforcement
Division
Mary Ann Wellbank x3338



Program Description - The purpose of the Child Support Enforcement Division (CSED) is to pursue and obtain financial and medical support for children by establishing, enforcing, and collecting financial support owed by obligated parents. Program staff locates absent parents, identifies assets, establishes paternity, and ensures obligated parents maintain medical health insurance coverage for their dependent children. Child support payments are collected for families receiving public assistance, Families Achieving Independence in Montana (FAIM), and those not on assistance. Services are available to any applicant regardless of income level.

Activities carried out by program staff are authorized in Title 40, Chapter 5, MCA, and are mandated by the federal government in accordance with Title IV-D of the Social Security Act, 42 USC 651 et seq., and 45 CFR, Chapter 3.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Percent of cases in enforcement | 72% | 73% | 76% | 78% | 80% | 80% |

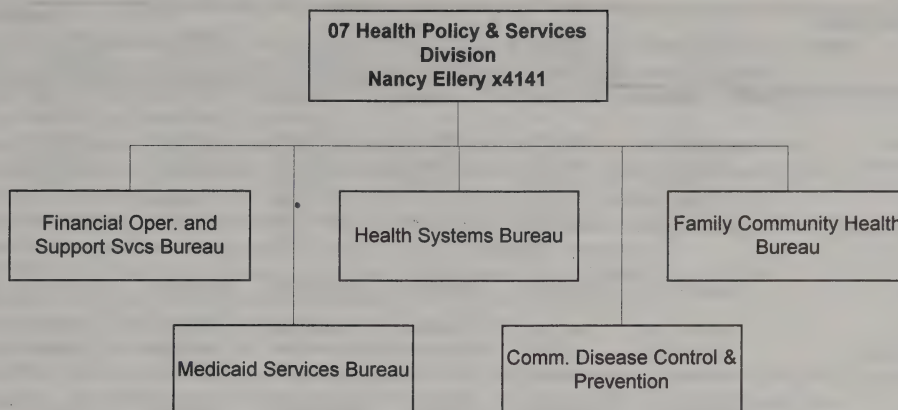
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 189.75 | 0.00 | 2.00 | 191.75 | 0.00 | 2.00 | 191.75 |
| Personal Services | 6,071,450 | 778,337 | 80,374 | 6,930,161 | 814,543 | 80,657 | 6,966,650 |
| Operating Expenses | 2,278,971 | 177,415 | 1,012,414 | 3,468,800 | 155,408 | 890,000 | 3,324,379 |
| Local Assistance | 6,249 | 0 | 0 | 6,249 | 0 | 0 | 6,249 |
| Debt Service | 12,458 | 0 | 0 | 12,458 | 0 | 0 | 12,458 |
| Total Costs | \$8,369,128 | \$955,752 | \$1,092,788 | \$10,417,668 | \$969,951 | \$970,657 | \$10,309,736 |
| General Fund | 211 | (211) | 0 | 0 | (211) | 0 | 0 |
| State/Other Special | 2,327,013 | 710,199 | 338,548 | 3,375,760 | 714,735 | 330,023 | 3,371,771 |
| Federal Special | 6,041,904 | 245,764 | 754,240 | 7,041,908 | 255,427 | 640,634 | 6,937,965 |
| Total Funds | \$8,369,128 | \$955,752 | \$1,092,788 | \$10,417,668 | \$969,951 | \$970,657 | \$10,309,736 |

Significant Present Law Adjustments -

- Upgrade the Voice Response Unit with enhancements to expand services to customers
- Increase costs for the Customer Service Unit New Hire Reporting contracts
- Budget for office lease cost increase
- Maintain Families First, Access and Visitation Grant

New Proposals -

- Add 1.00 FTE paralegal and 1.00 FTE obligor liaison
- Increase the SEARCHS information management system contract by \$1.08 million
- Implement mandated Facilitate Financial Institutions Data Match (FIDM) to increase child support collections
- Conduct criminal non-support prosecutions for obligated parents who have the ability to pay
- Administer a study of the cost of raising a child in the State of Montana



Program Description - The Health Policy and Services Division is responsible for the planning and implementation of statewide health policy. The purpose of the division is to improve and protect the health and safety of Montanans. The division provides a wide range of preventive, primary, acute care, and public health services to individuals and communities. Services are provided through a broad range of private and public providers, including physicians, public health departments, clinics, and hospitals. The division administers public health programs including, but not limited to Women's Infants and Children's Special Nutrition Program (WIC), Maternal and Child Public Health Services, Immunization Programs, STD/HIV prevention, Emergency Medical Services, Family Planning, Abstinence Education, acute and primary care components of the Medicaid Program, and the Children's Health Insurance Program (CHIP). Public health is administered at both the state level and at the local level through contract arrangements with local public health and other health service agencies. The division contracts with over 500 non-profit providers for the delivery of health care services. The Medicaid Program is a voluntary state/federal partnership to provide and finance these services to the aged, blind, disabled, or low-income families. To be eligible for Medicaid, an individual must meet income and resource guidelines and be included in a family with dependent children or be determined by SSI to be elderly or disabled. The division administers the CHIP Program through a contract with an insurance plan. The division also manages the functions of the tumor registry and the environmental laboratory.

Statutory authority for many public health functions is included in Title 50, MCA and local public health activities are in Title 16, MCA. Specific citations include: Maternal and Child Health Title 50, Chapter 1 and Chapter 19, MCA, and Title V of the Social Security Act; Family Planning Title X of the federal Public Health Service Act and 42 CFR, Subpart A, Part 59; WIC P. L. 95-627, Child Nutrition Act of 1966, and 7CFR Ch 11 part 246; Medicaid Title 53, Chapter 6, MCA, and Title XIX of the Social Security Act (42 USC. 1396, et seq.); and CHIP Title 53, Chapter 4, MCA, and Title XXI of the Social Security Act.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Increase in the number of Medicaid recipients enrolled in the Managed Care program | 2,018 | 2200 | 2000 | 2447 | 2500 | 2600 |
| Number of clients served by WIC Program | 21,428 | 21,366 | 21,229 | 21,441 | 21,655 | 21,872 |
| Net Food Costs for WIC | \$7,659,667 | \$8,377,566 | \$7,946,395 | \$8,025,859 | \$8,106,117 | \$8,187,179 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 146.52 | 7.00 | 10.35 | 163.87 | 7.00 | 10.35 | 163.87 |
| Personal Services | 6,226,859 | 281,028 | 393,648 | 6,901,535 | 322,214 | 395,010 | 6,944,083 |
| Operating Expenses | 15,603,433 | 1,489,154 | 3,160,953 | 20,253,540 | 1,484,454 | 4,501,372 | 21,589,259 |
| Equipment | 336,877 | 24,000 | 99,657 | 460,534 | 0 | 99,657 | 436,534 |
| Grants | 6,527,225 | 50,000 | 0 | 6,577,225 | 50,000 | 0 | 6,577,225 |
| Benefits & Claims | 209,802,306 | 49,662,329 | 4,250,113 | 263,714,748 | 63,236,641 | 10,196,207 | 283,235,154 |
| Debt Service | 2,576 | 0 | 0 | 2,576 | 0 | 0 | 2,576 |
| Total Costs | \$238,499,276 | \$51,506,511 | \$7,904,371 | \$297,910,158 | \$65,093,309 | \$15,192,246 | \$318,784,831 |
| General Fund | 48,619,148 | 7,697,421 | 1,303,043 | 57,619,612 | 9,857,291 | 2,301,433 | 60,777,872 |
| State/Other Special | 11,561,315 | 2,772,610 | 481,844 | 14,815,769 | 4,027,973 | 880,253 | 16,469,541 |
| Federal Special | 178,318,813 | 41,036,480 | 6,119,484 | 225,474,777 | 51,208,045 | 12,010,560 | 241,537,418 |
| Total Funds | \$238,499,276 | \$51,506,511 | \$7,904,371 | \$297,910,158 | \$65,093,309 | \$15,192,246 | \$318,784,831 |

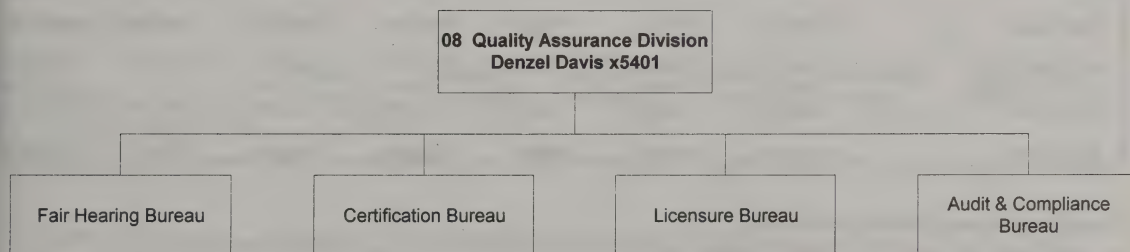
Significant Present Law Adjustments -

- Expand by five percent the funding for the Medicaid Indian Health Services (IHS) program
- Increase a federal grant from the Centers for Disease Control and Prevention and add 1.00 FTE for tobacco program evaluation
- Improve epidemiology and laboratory capacity in Montana using federal funds
- Increase funding for Emergency Medical Technician certification and licensure
- Enhance authority to release funds to local health departments for inspection services
- Continue the Montana Birth Outcomes Monitoring System with a Center for Disease Control and Prevention grant
- Budget federal grant to support Fetal, Infant and Child Mortality Review in Montana
- Fund increased premiums for the Medicare Buy-In, thereby allowing state Medicaid programs to purchase Medicare coverage through premium payments for Medicaid recipients who are dually eligible for Medicare and Medicaid
- Add \$51 million for the estimated Medicaid caseload increase for primary care and hospital programs including the number of eligibles, utilization, and patient acuity levels
- Annualize the Children's Health Insurance Program (CHIP) at a total cost of \$19.9 million for projected benefit and administrative costs of a fully-implemented program for children with family incomes up to 150 percent of the federal poverty level and convert the modified 6.00 FTE to permanent positions
- Support the development of the Montana Public Health Training Institute
- Fund contract to increase efficiency of the billing and collections functions of the drug rebate program
- Implement a legislative audit recommendation to account for Medicaid drug cost rebates as revenue
- Change the accounting method for Women, Infants, and Children (WIC) infant formula rebates
- Interagency agreement with the OPI for school-related tobacco use prevention services

New Proposals -

- Add 0.85 FTE for additional food and consumer safety duties mandated by recent statutory change
- Provide 2.00 FTE claims adjudicators for the Medicaid Primary Care and Hospital programs
- Increase federal Highway Traffic Safety funds to improve Emergency Medical Services data collection and analysis and to enhance injury prevention activities
- Develop a plan to address Fetal Alcohol Syndrome and Fetal Alcohol Effect using federal funds
- Make the federally-mandated health educator position in the Women's Health Section permanent
- Convert the modified Maternal and Child Health data analyst position to a permanent FTE
- Use federal funds to conduct medical screening on Montana residents exposed to high levels of lead
- Revise the existing Women, Infants, and Children (WIC) automated system
- Convert 2.00 FTE modified positions in the public health laboratory to permanent positions
- Prepare to respond to a bioterrorist incident using 1.00 FTE and federal funding
- Increase funding 35 percent for Medicaid ambulance services
- Increase funding 19.50 percent for Medicaid dental services
- Increase reimbursement rates 2.5 percent for physicians, nurse practitioners, physician assistants, podiatrists, chiropractors, physical/occupational/and speech therapists, and audiologists for Medicaid services
- Provide a 1.85 percent rate increase for Medicaid hospital providers
- Elimination of the resource test for pregnant women and children in the poverty level programs
- Increase eligibility for the CHIP from 150 percent to 175 percent of the federal poverty level
- Prevent communicable and environmental diseases by responding to emergent situations
- Fund the Certificate of Need program
- Provide outreach services funded by the TANF-Medicaid "delinking" fund
- Expand the Cardiovascular Health Program with Centers for Disease Control and Prevention funds
- Fund the state trauma care system with increased state special revenue

DIVISION OF QUALITY ASSURANCE



Program Description - The Quality Assurance Division (QAD) certifies provider and recipient compliance with state and federal regulations; monitors Medicaid provider payments and recovers over-paid benefits; provides independent audits, process reviews and fair hearings for all DPHHS programs. The Process Review Unit is responsible for facilities management, Managed Care network adequacy and quality assurance, and department fair hearings. The Audit Unit conducts program, contract and grant financial audits to determine allowable expenditures, compliance with contract terms, accounts due the department, and adequacy of internal controls. The Surveillance/Utilization Review Section recovers Medicaid money that is billed and paid erroneously and also conducts ongoing reviews to monitor the appropriate use of the Medicaid program by both recipients and providers.

**PUBLIC HEALTH & HUMAN SERVICES
DIVISION OF QUALITY ASSURANCE**

**6901
08**

Third Party Liability is responsible for estate recovery and cost avoidance recovery for Medicaid recipients. The Fraud and Recovery program collects money from client abuse and overpayment of Medicaid and state welfare programs. The Quality Control program samples Food Stamp and Medicaid cases for compliance with federal and state eligibility rules. The Certification Bureau is responsible for the certification of health care facilities and CLIA laboratories enrolled in the Medicare and Medicaid programs. The State Licensure program inspects and issues facility/service licenses to health care facilities and residential and community residential facilities. It also registers/licenses day care facilities.

Statutory References include 42 U.S.C. 1818 and 42 U.S.C. 1919; 45 U.S.C; Title 50, Chapter 5, parts 1 and 2, MCA; Title 50, Chapter 5, part 11, MCA; Title 53, Chapter 2, section 501, MCA; CFR 21, CFR 49, CFR 10; P.L. 102-539 (10-27-92); Title 52, Chapter 2, part 7, MCA.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| State Health Care Licensure Visits | 702 | 927 | 864 | 853 | 933 | 943 |
| Medicaid Overpayment Recoveries/Cost Avoidance (in millions) | 55,198,914 | 55,420,566 | 65,885,681 | 67,176,039 | 68,518,961 | 69,883,640 |

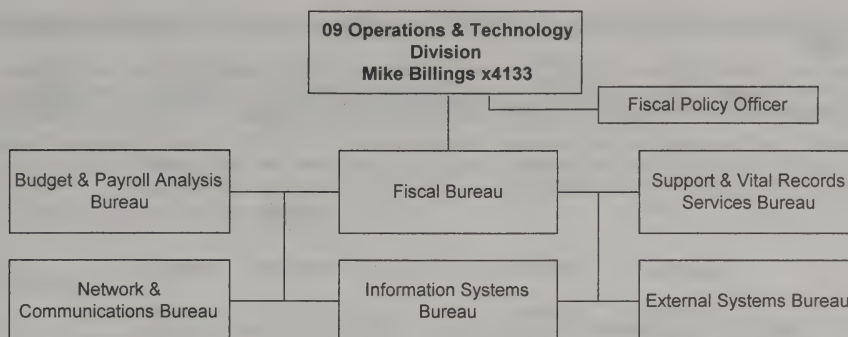
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 113.71 | 1.00 | 0.00 | 114.71 | 1.00 | 0.00 | 114.71 |
| Personal Services | 4,335,905 | 312,670 | 0 | 4,648,575 | 339,024 | 0 | 4,674,929 |
| Operating Expenses | 1,765,600 | 85,161 | 428,800 | 2,279,561 | 94,994 | 428,800 | 2,289,394 |
| Equipment | 37,773 | 0 | 0 | 37,773 | 0 | 0 | 37,773 |
| Grants | 0 | 0 | 370,000 | 370,000 | 0 | 370,000 | 370,000 |
| Total Costs | \$6,139,278 | \$397,831 | \$798,800 | \$7,335,909 | \$434,018 | \$798,800 | \$7,372,096 |
| General Fund | 1,658,639 | 274,349 | (375) | 1,932,613 | 285,537 | (375) | 1,943,801 |
| State/Other Special | 386,883 | 19,828 | 0 | 406,711 | 21,240 | 0 | 408,123 |
| Federal Special | 4,093,756 | 103,654 | 799,175 | 4,996,585 | 127,241 | 799,175 | 5,020,172 |
| Total Funds | \$6,139,278 | \$397,831 | \$798,800 | \$7,335,909 | \$434,018 | \$798,800 | \$7,372,096 |

Significant Present Law Adjustments -

- Add 1.00 FTE radiological health inspector and contract residential health care inspection services

New Proposals -

- Add two additional motor pool lease cars for use by personnel assigned in Billings and Miles City
- Sustain, strengthen, and preserve the Rural Hospital Critical Access Program



Program Description - Operations and Technology Division (OTD) provides support services for the Department of Public Health and Human Services. Services include preparation and management of the executive budget and budget planning, financial and accounting services, and cost projections for benefit programs such as Medicaid. The division is responsible for the development and operation of internal computer systems, technical planning of electronic government applications, telecommunications, security, and internal support services such as purchasing, leasing and mailroom.

The division manages contracts for major state computer systems: The Economic Assistance Management System (TEAMS), the Montana Automated Child Care System (MACCS), the System for Enforcement and Recovery of Child Support (SEARCHS), the Montana Medicaid Information System (MMIS), the Child & Adult Protective Services System (CAPS), and the Montana Medicaid Management Information Reporting System (MMIRS). The division also manages the Virtual Human Services Pavilion, designed and developed to provide citizens with easy access to a wide range of government services and information. OTD also manages vital records and statistics.

Statutory authority for the program is provided in Title 17 and Title 40, MCA, and Title IV of the Social Security Act, Section 06, P.L 96-265.

Program Indicators -

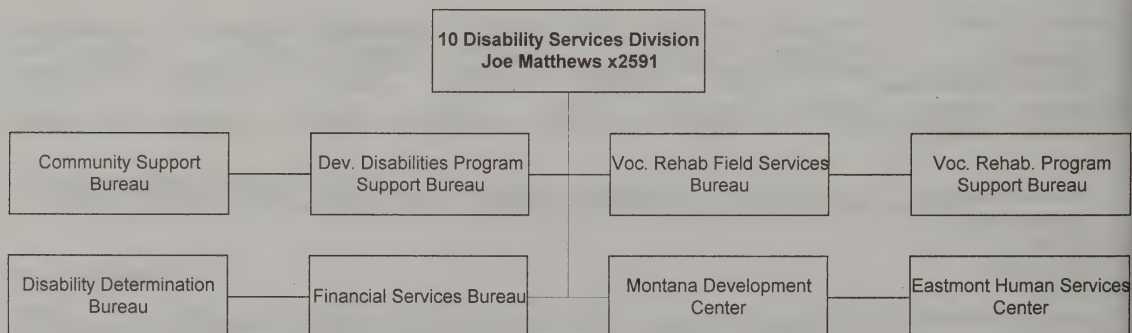
| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Birth Certificates Issued | 12,230 | 23,467 | 30,767 | 43,221 | 46,679 | 50,413 |
| On-Line Networks Managed | 85 | 85 | 90 | 95 | 100 | 105 |
| External Systems -- Transactions TEAMS SEARCHS CAPS Leases Managed | 68,701,010 | 74,983,754 | 87,026,230 | 95,728,853 | 105,301,738 | 115,831,912 |
| Medicaid Warrants Issued | 61 | 75 | 79 | 76 | 80 | 83 |
| | 78,920 | 83,758 | 94,954 | 104,449 | 109,671 | 115,155 |

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 140.00 | 0.00 | 0.00 | 140.00 | 0.00 | 0.00 | 140.00 |
| Personal Services | 4,962,930 | 430,818 | 0 | 5,393,748 | 461,563 | 0 | 5,424,493 |
| Operating Expenses | 22,711,118 | 2,123,515 | 0 | 24,834,633 | 2,584,855 | 0 | 25,295,973 |
| Equipment | 41,352 | 0 | 0 | 41,352 | 0 | 0 | 41,352 |
| Debt Service | 317,198 | 0 | 0 | 317,198 | 0 | 0 | 317,198 |
| Total Costs | \$28,032,598 | \$2,554,333 | \$0 | \$30,586,931 | \$3,046,418 | \$0 | \$31,079,016 |
| General Fund | 10,767,331 | 1,553,181 | 0 | 12,320,512 | 1,713,763 | 0 | 12,481,094 |
| State/Other Special | 2,062,464 | 218,808 | 0 | 2,281,272 | 235,047 | 0 | 2,297,511 |
| Federal Special | 15,202,803 | 782,344 | 0 | 15,985,147 | 1,097,608 | 0 | 16,300,411 |
| Total Funds | \$28,032,598 | \$2,554,333 | \$0 | \$30,586,931 | \$3,046,418 | \$0 | \$31,079,016 |

Significant Present Law Adjustments -

- Extend the existing contract for The Economic Assistance Management System (TEAMS) for two years
- Extend the existing contract for the Montana Medicaid Management Information System (MMIS)
- Request increased funding for the Child and Adult Protective Systems (CAPS) contract
- Extend the System for Enforcement and Recovery of Child Support (SEARCHS) contract for two years
- Prepare a new public assistance cost allocation plan
- Provide funding for increased mainframe usage for the Child and Adult Protective Systems (CAPS)
- Fund increased mainframe usage by System for Enforcement and Recovery of Child Support (SEARCHS)
- Support increased mainframe usage for The Economic Assistance Management System (TEAMS)
- Lease vehicles from the Montana Department of Transportation Motor Pool

DISABILITY SERVICES DIVISION



Program Description - Disability Services Division assists Montanans with disabilities in living, working, and participating in their communities. The division provides or contracts for institutional care, residential services, home-based services to families, case management, and a variety of employment outcome-related services. These services include counseling and guidance, career training, transportation, adaptive equipment, orientation and mobility services to the blind, vocational rehabilitation training, independent living services, medical services, job placement and supported employment. Disability Services Division is responsible for medical adjudication of all claims for Social Security Disability and Supplemental Security Income. The division is responsible for the state institutions in Glendive, the Eastmont Human Services Center, and Boulder, the Montana Developmental Center.

**PUBLIC HEALTH & HUMAN SERVICES
DISABILITY SERVICES DIVISION**

**6901
10**

The Developmental Disabilities Planning and Advisory Council (DDPAC) is administratively attached.

Vocational rehabilitation serves individuals with orthopedic, mental, visual, hearing, brain, and other disabilities. Developmentally disabled include individuals with mental retardation, epilepsy, autism, or other neurological conditions that require treatment similar to those required by someone with mental retardation. The developmental disability must have originated before age 18 and have resulted in a substantial handicap for indefinite duration. Statutory authority for the program is provided in Title 53, MCA, 2-15-2204, MCA, 29 U.S.C. 721 et. seq., 29 U.S.C. 796, et. seq., 29 U.S.C. 774, 29 U.S.C. 777b, 29 U.S.C. 2201 et. seq., 42 U.S.C. 75, 6602, 72 U.S.C. 1300, 42 CFR 441.302(b), 42 CFR 441.302(g), 45 CFR 74.62, and 34 CRF Part 303.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Vocational Rehabilitation number rehabilitated | 936 | 925 | 985 | 950 | 950 | 950 |
| Vocational Rehabilitation percentage severely disabled | 74.2% | 73.6% | 75.7% | 74% | 74% | 74% |
| Developmental Disabilities waiting for service and receiving no other DDP services | 412 | 422 | 509 | 585 | 652 | 729 |
| Developmental Disabilities waiting for additional services and receiving some DDP | 597 | 560 | 625 | 719 | 826 | 950 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 607.20 | 20.00 | 2.00 | 629.20 | 20.00 | 2.00 | 629.20 |
| Personal Services | 21,426,688 | 437,017 | 79,201 | 21,942,906 | 560,462 | 79,481 | 22,066,631 |
| Operating Expenses | 5,067,882 | 545,850 | 0 | 5,613,732 | 688,056 | 0 | 5,755,938 |
| Equipment | 35,047 | 0 | 0 | 35,047 | 0 | 0 | 35,047 |
| Benefits & Claims | 65,476,036 | 3,605,479 | 5,075,061 | 74,156,576 | 3,750,581 | 8,537,698 | 77,764,315 |
| Debt Service | 55,797 | 0 | 0 | 55,797 | 0 | 0 | 55,797 |
| Total Costs | \$92,061,450 | \$4,588,346 | \$5,154,262 | \$101,804,058 | \$4,999,099 | \$8,617,179 | \$105,677,728 |
| General Fund | 41,387,750 | 1,536,719 | 1,957,886 | 44,882,355 | 1,746,061 | 3,683,743 | 46,817,554 |
| State/Other Special | 97,368 | 0 | 0 | 97,368 | 0 | 0 | 97,368 |
| Federal Special | 50,576,332 | 3,051,627 | 3,196,376 | 56,824,335 | 3,253,038 | 4,933,436 | 58,762,806 |
| Total Funds | \$92,061,450 | \$4,588,346 | \$5,154,262 | \$101,804,058 | \$4,999,099 | \$8,617,179 | \$105,677,728 |

Significant Present Law Adjustments -

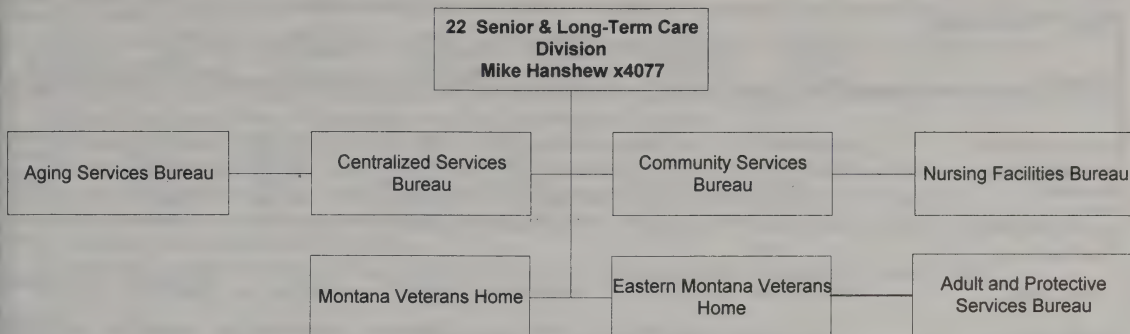
- Reflect reduced FTE and operations of 12 individuals moving from Eastmont into community services
- Increase federal funds to reflect a ten percent increase in Disability Determination Services
- Add state special revenue to meet the payment schedule to retire the Montana Developmental Center construction bonds
- Annualize the four percent tuition increase for FY 2001 authorized by the 1999 Legislature and fund an additional four percent tuition increase each year of the 2003 biennium to maintain current level educational services to individuals with disabilities
- Provide the FY 2001 direct care salary increase authorized by the 1999 Legislature in the base budget
- Annualize the FY 2001 one percent provider rate increase authorized by the 1999 Legislature for the private providers of vocational rehabilitation (VR) and developmental disability (DDP) services
- Pay the service costs for individuals placed in the community from Montana Developmental Center at various times during FY 2000 and the individuals from Eastmont Human Services Center scheduled for placement in FY 2001
- Recognize administrative costs for staff who began midway through the FY 2000 and annualize the increase in benefits in FY 2001 authorized by the 1999 Legislature
- Continue the 20.00 FTE and operational costs at the Montana Developmental Center that were previously slated to be reduced
- Fund the rent increases in field offices
- Adjust the general fund base state match amount for the Independent Living Older Blind grant

New Proposals -

- Provide federal authority for increases in grants used to fund services to individuals with disabilities
- Add 2.00 FTE disability claims manager to meet federal determination and review requirements
- Add funding for community nonprofit providers direct care staff wages to reduce disparity
- Approve a 2.70 percent provider rate increase each year to Vocational Rehabilitation service providers
- Total FY 2001 base funding for Section 110 is \$8,357,089; of which 61 percent represents the portion for providers (excludes amount for tuition).
- Expand services to 42 people with developmental disabilities on the community waiting list, with five coming from the two institutions (Montana Developmental Center & Eastmont Human Services Center)
- Fund the crisis capacity project to serve individuals who have emergencies while waiting for services

Language Recommendations - The following language is recommended for HB2:

"The disability services division is authorized to pursue up to \$2.0 million in federal funding over the biennium to enhance and improve services to persons with developmental disabilities. These additional federal funds may be expended by the division for services as long as those actions do not require or commit the state to additional general fund expenditures beyond the amount appropriated for the 2003 biennium by the legislature for the developmental disabilities community."



Program Description - The Senior and Long Term Care Division plans, administers, and provides publicly-funded long-term care services for Montana's senior citizens and persons with physical disabilities. In addition, the division provides education and support regarding aging and long-term care issues to Montanans of all ages. The division makes services available through six major programs: 1) The Office on Aging provides meals, transportation, public education, information and assistance, and other services; 2) Medicaid Community Services Program pays for in-home, assisted living, and other community-based services to Medicaid- eligible individuals as an alternative to nursing home care; 3) Medicaid Nursing Facility Program pays for care to Medicaid-eligible individuals in 98 Montana nursing homes; 4) Protective services, including the investigation of abuse neglect and exploitation are provided by adult protective services social workers; 5) Skilled nursing facility care is provided to veterans at the 90-bed Montana Veterans Home (MVH) in Columbia Falls and the 80-bed Eastern Montana Veterans Home in Glendive; and 6) the State Supplemental Payments Program pays for a portion of the room and board costs for SSI eligible individuals residing in designated residential care facilities.

Statutory References: Aging Services, 52-3-201 et seq., MCA, (Protection Services Act for Aged Persons or Disabled Adults), 52-3-501 et seq., MCA, (Montana Older Americans Act), 52-3-801 et seq., MCA, (Montana Elder and Developmentally Disabled Abuse Prevention Act); P.L.89-75 (Federal Older Americans Act), P.L. 93-66 Section 212, P.L. 93-233 (authorizes states to supplement the Supplemental Security Income Amendments to the (SSI) Payments Program Social Security Act); Veteran's Homes, 10-2-401 (authorizes and establishes Montana Veteran's Homes), 53-1-202 (Eastern Montana Veteran's Home), Medicaid, Title 53, Chapter 6, MCA; Title 19, Social Security Act 42 USC 1396 et. seq. (establishes and authorizes Medicaid Program).

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Persons receiving Personal Assistance | 2,643 | 2,773 | 2,808 | 2,864 | 2,950 | 3,039 |
| Persons receiving HCBS Waiver | 1,384 | 1,497 | 1,607 | 1,662 | 1,739 | 1,827 |
| Persons receiving Nursing Home | 5,250 | 5,277 | 5,257 | 5,257 | 5,270 | 5,296 |

Personal Assistance: FY 2001 – Assumes 2 percent growth in people served
 FY 2002 – Assumes 3 percent growth in people served
 FY 2003 – Assumes 3 percent growth in people served

HCBS Waiver: FY 2001 - Assumes 50 additional slots and a 10 percent turnover rate of new slots
 FY 2001 - Assumes 70 additional slots and a 10 percent turnover rate of new slots
 FY 2001 - Assumes 80 additional slots and a 10 percent turnover rate of new slots

Nursing homes: FY 2001 – Assumes no growth in people served
 FY 2001 – Assumes .25 percent growth in people served
 FY 2001 – Assumes .50 percent growth in people served

**PUBLIC HEALTH & HUMAN SERVICES
SENIOR & LONG-TERM CARE SVCS**

**6901
22**

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 160.04 | 9.00 | 4.50 | 173.54 | 18.00 | 7.00 | 185.04 |
| Personal Services | 5,481,572 | 383,624 | 161,398 | 6,026,594 | 663,633 | 247,150 | 6,392,355 |
| Operating Expenses | 2,745,808 | 117,188 | 97,500 | 2,960,496 | 192,982 | 71,250 | 3,010,040 |
| Equipment | 39,141 | 27,983 | 12,500 | 79,624 | 27,983 | 7,500 | 74,624 |
| Grants | 6,243,240 | 223,752 | 1,066,141 | 7,533,133 | 223,752 | 1,083,575 | 7,550,567 |
| Benefits & Claims | 145,636,617 | 12,005,722 | 7,567,359 | 165,209,698 | 14,292,428 | 14,800,812 | 174,729,857 |
| Debt Service | 4,403 | 0 | 0 | 4,403 | 0 | 0 | 4,403 |
| Total Costs | \$160,150,781 | \$12,758,269 | \$8,904,898 | \$181,813,948 | \$15,400,778 | \$16,210,287 | \$191,761,846 |
| General Fund | 41,427,657 | 3,079,173 | 1,558,161 | 46,064,991 | 3,482,356 | 2,722,517 | 47,632,530 |
| State/Other Special | 2,790,322 | 288,331 | 667,793 | 3,746,446 | 476,222 | 1,547,437 | 4,813,981 |
| Federal Special | 115,932,802 | 9,390,765 | 6,678,944 | 132,002,511 | 11,442,200 | 11,940,333 | 139,315,335 |
| Total Funds | \$160,150,781 | \$12,758,269 | \$8,904,898 | \$181,813,948 | \$15,400,778 | \$16,210,287 | \$191,761,846 |

Significant Present Law Adjustments -

- Adjust for one-time, zero-based, and projected expenditure increases at the Montana Veterans Home
- Provide 18.00 FTE and support for the new Special Care Unit at the Montana Veterans Home approved by the 1999 Legislature
- Annualize the legislatively-appropriated FY 2001 provider rate and direct care wage increases and fund projected caseload growth in the Medicaid Home Health, Personal Assistance, and Hospice programs
- Add funds to annualize the legislatively-appropriated FY 2001 provider rate and direct care wage increases to the Aging Services programs
- Sustain the appropriated FY 2001 provider rate and direct care wage increases and fund projected caseload growth in the Medicaid Nursing Home program
- Add funding for a provider rate increase, direct care wage increase, and service expansion appropriated to the Medicaid Home and Community Waiver Program in FY 2001
- Annualize services to individuals at risk of abuse, neglect, and exploitation to appropriated levels
- Increase general fund due to projected caseload growth in the State Supplement program for persons in designated residential care facilities
- Purchase equipment at the Montana Veterans Home
- Fund the purchase of equipment at the Eastern Montana Veterans Home
- Pay the cost of increases in rent for Adult Protective Services Bureau field staff offices
- Lease four vehicles from the DOT Motor Pool for Adult Protective Service workers
- Budget the cost of increases in rent for Community Services Bureau field staff offices
- Reflect the federal share of projected Medicaid payments to Montana Developmental Center, Eastmont Human Services Center, and the Montana Veterans Home
- Restore a portion of the funds reverted in FY 2000 to resolve fiscal year end accounting transactions

New Proposals -

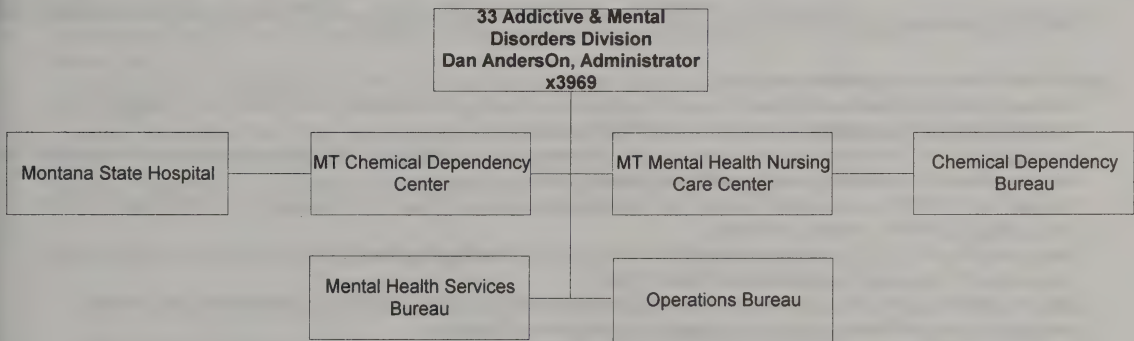
- Use the state share of proceeds from the Lien and Estate Recovery program to add 5.50 FTE adult protective service workers
- Increase the wages of direct care staff working as attendants in the Medicaid Personal Assistance and Waiver programs by approximately 25 cents per hour each year of the biennium
- Provide a 4.5 percent per year funding increase to stabilize Medicaid Nursing Home rates
- Provide a 1.5 percent per year rate increase to the Aging Services, Waiver, Home Health, and Hospice programs
- Provide Medicaid Home and Community Services to an additional 150 persons from the waiting list
- Authorize the division to pursue methods to increase Medicaid reimbursement to county affiliated nursing homes through the use of local matching funds
- Pursue opportunities to access federal funds to increase services at no cost to the state general fund
- Fund an increase in the federal Older Americans Act grant

Language Recommendations - The following language is recommended for HB2:

"The senior and long-term care division is authorized to pursue up to \$14.4 million in state special and federal funding over the biennium sufficient to increase the Medicaid rates of county affiliated nursing facilities through the intergovernmental transfers of state matching funds from counties. The additional federal funds may be expended by the division as long as those actions do not require or commit the state to additional general fund expenditures beyond the amount appropriated for the 2002 biennium by the legislature to the senior and long-term care division."

"The senior and long-term care division is authorized to pursue up to \$2.0 million in federal funding over the biennium to enhance or improve division services or programs. These additional federal funds may be expended by the division on services as long as those actions do not require or commit the state to additional general fund expenditures beyond the amount appropriated for the 2003 biennium by the legislature to the division."

ADDICTIVE & MENTAL DISORDERS



Program Description - The Addictive and Mental Disorders Division (AMDD) is responsible for providing alcohol and drug prevention, treatment and aftercare services, and mental health treatment services. Alcohol and drug services are provided through inpatient and outpatient settings. Direct inpatient services are provided at the 76-bed Montana Chemical Dependency Center (MCDC) in Butte. Other inpatient, outpatient, and prevention services are provided through contracts with community-based programs around the state.

Community-based mental health services are delivered to eligible Medicaid and non-Medicaid individuals through a network of providers around the state. Non-Medicaid services are delivered through the Mental Health Services Plan (MHSP) and provide services to individuals earning up to 150 percent of the federal poverty level. Montana State Hospital (MSH) at Warm Springs (190 beds) and the Montana Mental Health Nursing Care Center (MMHNCC) at Lewistown (165 beds) provide institutional services to individuals with mental illness. The services at MSH are typically of a short duration while services for residents at the MMHNCC are considered to be long term.

The mental health system is authorized in Title 53, Chapter 21, parts 1 through 5 and part 64, MCA, and P. L. 102-321, CFR. The chemical dependency program is authorized in Title 53, Chapters 1, 24 and 26, MCA, and Part C, Title XIX of the Social Security Act.

Program indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Chemical Dependency Program unduplicated number of people served | 5,585 | 5,648 | 5,935 | 6,286 | 6,660 | 7,058 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 547.42 | 38.00 | 2.00 | 587.42 | 38.00 | 2.00 | 587.42 |
| Personal Services | 19,782,444 | 2,873,056 | 94,102 | 22,749,602 | 3,024,273 | 94,438 | 22,901,155 |
| Operating Expenses | 8,210,057 | 2,192,600 | 374,567 | 10,777,224 | 2,433,897 | 26,325 | 10,670,279 |
| Equipment | 181,417 | 0 | 0 | 181,417 | 0 | 0 | 181,417 |
| Grants | 5,658,013 | 4,041,753 | (904,934) | 8,794,832 | 4,039,897 | (1,234,894) | 8,463,016 |
| Benefits & Claims | 61,401,623 | 23,554,936 | 4,684,865 | 89,641,424 | 27,153,076 | 9,201,161 | 97,755,860 |
| Debt Service | 81,464 | 0 | 1,200 | 82,664 | 0 | 1,200 | 82,664 |
| Total Costs | \$95,315,018 | \$32,662,345 | \$4,249,800 | \$132,227,163 | \$36,651,143 | \$8,088,230 | \$140,054,391 |
| General Fund | 46,684,220 | 7,472,386 | 855,464 | 55,012,070 | 8,808,399 | 1,175,437 | 56,668,056 |
| State/Other Special | 5,816,560 | 1,130,897 | 96,467 | 7,043,924 | 1,255,660 | 334,109 | 7,406,329 |
| Federal Special | 42,814,238 | 24,059,062 | 3,297,869 | 70,171,169 | 26,587,084 | 6,578,684 | 75,980,006 |
| Total Funds | \$95,315,018 | \$32,662,345 | \$4,249,800 | \$132,227,163 | \$36,651,143 | \$8,088,230 | \$140,054,391 |

Significant Present Law Adjustments -

- Increase funding and personnel resources for supplemental costs of the Mental Health Medicaid Program, the Mental Health Services Plan, and the Montana State Hospital
- Annualize the FY 2001 one percent provider rate increase authorized by the 1999 Legislature for service providers in the Preadmission Screening and Annual Resident Review program
- Budget the FY 2001 one percent provider rate increase authorized by the 1999 Legislature for the inpatient youth chemical dependency service providers
- Recognize the FY 2001 one percent provider rate increase authorized by the 1999 Legislature for the providers of mental health services that are covered by Medicaid
- Continue the FY 2001 one percent provider rate increase authorized by the 1999 Legislature for the service providers of mental health services to persons not eligible for Medicaid
- Maintain the FY 2001 increase in Community Mental Health Block Grant funding into FY 2002 and FY 2003
- Annualize FY 2001 increases for Montana Chemical Dependency Center contract food and rent inflation
- Restore zero-based overtime, holiday pay and differential PAY at MCDC
- Increase costs for FY 2002 and 2003 for MCDC contract food and rent
- Provide a rural rate increase to community mental health centers to ensure access to services
- Fund caseload increases in the Mental Health Services Plan (MHSP) Pharmacy program
- Reflect the Mental Health Services Plan benefit caseload increase
- Adjust FY 2000 Medicaid mental health base benefit expenditures to FY 2002 and FY 2003 due to changes in the Federal Medical Assistance Percentage (FMAP) rates

- Support a Medicaid mental health caseload increase of four percent per year
- Enhance funding for growth in pharmaceutical costs in the Mental Health Services Plan program
- Fund zero-based overtime, holiday pay and differential PAY at Montana Mental Health Nursing Care Center
- Provide zero-based overtime, holiday pay and differential for the Montana State Hospital
- Sustain training and education of mental health consumers, their families, and mental health providers
- Implement a legislative audit recommendation to account for Medicaid drug cost rebates as revenue
- Add 6.00 FTE and funding authority for Mental Health Services eligibility determination
- Annualize increased cost of utilization review and management contract for mental health benefits
- Correct an expenditure transaction error that was recorded in the state accounting system
- Reduction to reflect that the Underage Drinking Grant is discontinued for the 2003 biennium
- Collect Montana Mental Health Nursing Care Center pharmacy rebates to help pay drug costs
- Increase funding for the Substance Abuse Prevention and Treatment grant
- Assist communities with alcohol prevention planning and programming using the State Incentive Grant
- Provide for the debt service payments on the new Montana State Hospital building
- Enhance funding for pharmacy costs at Montana Chemical Dependency Center
- Expand funding for pharmacy costs at Montana Mental Health Nursing Care Center
- Increase funding for pharmacy costs the Montana State Hospital

New Proposals -

- Refinance the public chemical dependency program by creating a Medicaid benefit for a full range of CD services for both adolescents and adults
- Establish a 1.50 percent FY 2002 and 3.00 percent FY 2003 provider rate increase for Medicaid mental health providers
- Increase by 25 percent the rate of reimbursement for psychiatrists providing mental health services
- Raise by 1.50 percent in FY 2002 and 3.00 percent in FY 2003 the service provider rate for the Preadmission Screening and Annual Resident Review
- Add a provider rate increase for Mental Health Service Plan providers of 1.50 percent in FY 2002 and 3.00 percent in FY 2003
- Increase the provider rate for the Indigent Youth Alcohol Treatment program by 1.50 percent in FY 2002 and 3.00 percent in FY 2003
- Fund Requests for Proposals for start-up and initial operation of Behavioral Health Facilities in two Montana communities
- Train law enforcement and criminal justice personnel on appropriate response procedures in emergency situations involving severe mental disturbance or chemical dependency
- Increase eligibility for the Children's Health Insurance Program (CHIP) from 150 percent to 175 percent



NATURAL RESOURCES AND COMMERCE

Fish, Wildlife & Parks
Environmental Quality
Livestock

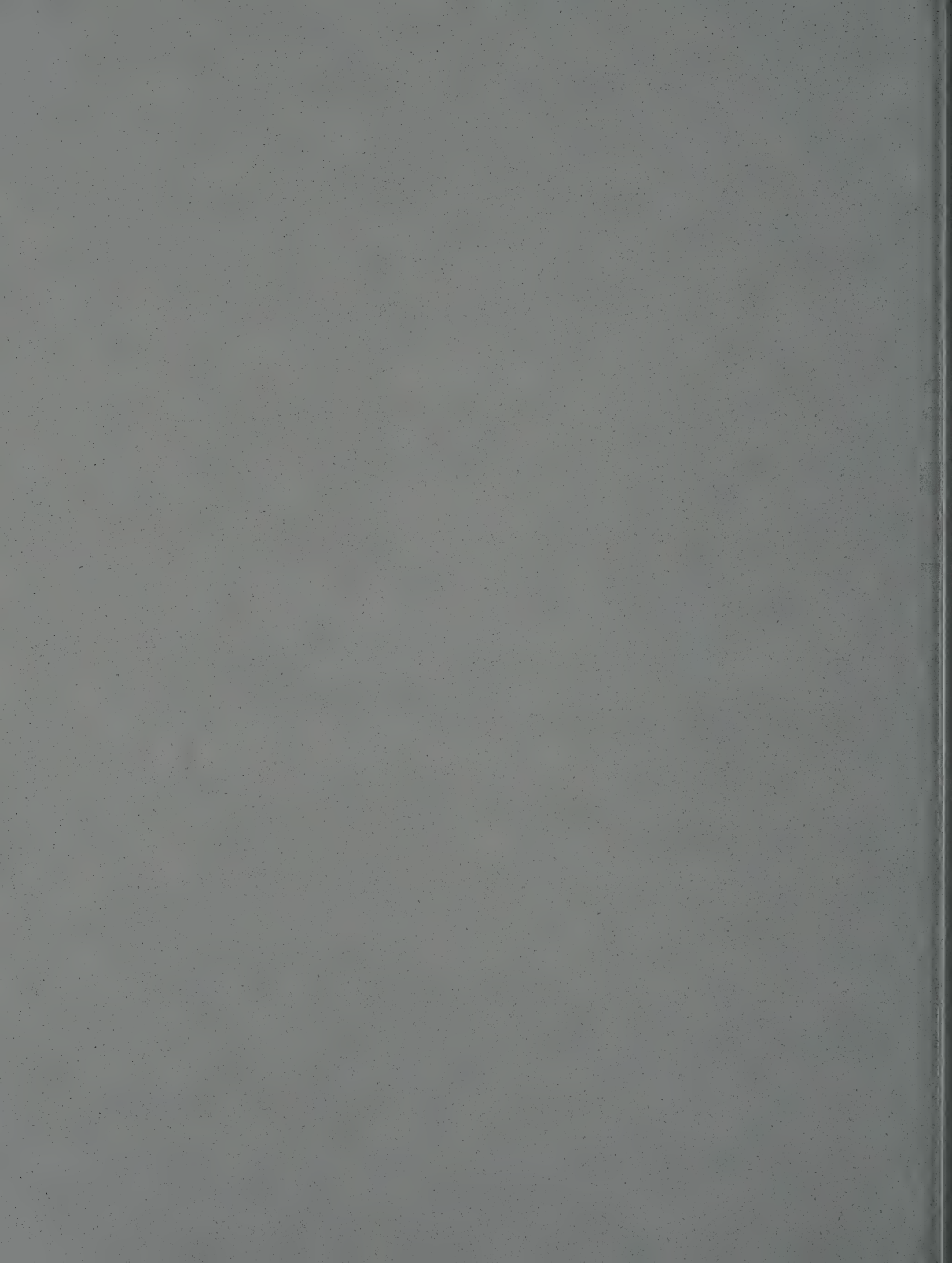
Natural Resources & Conservation
Agriculture
Commerce

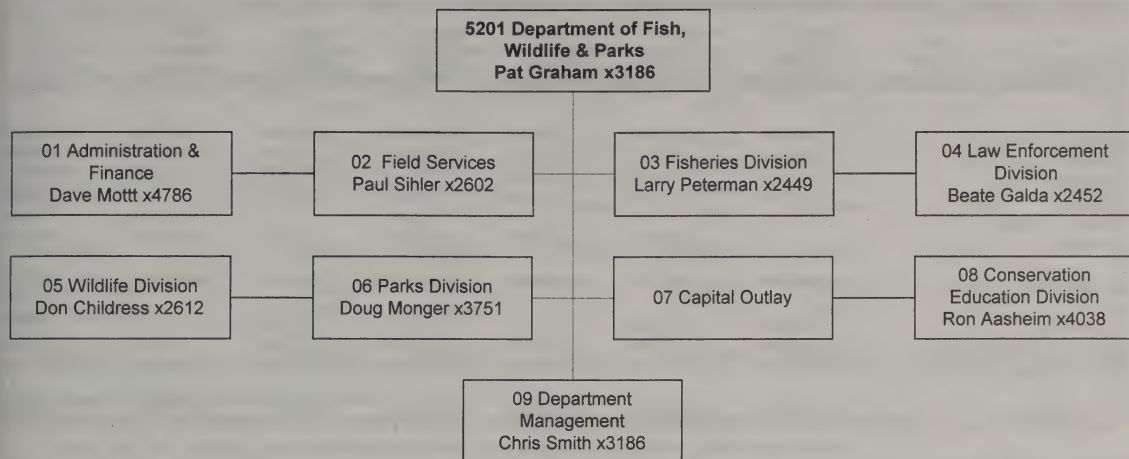
OBPP Staff*

Beckie Graham
Doug Schmitz

x3242
x1207

*See Reference Page 1 for specific staff assignments





Mission Statement - Through our employees and citizen commission, to provide for the stewardship of the fish, wildlife, parks and recreational resources of Montana while contributing to the quality of life for present and future generations.

Statutory Authority - Title 87 and 23, MCA.

Executive Budget Recommendation -

- Convert the biennial automated licensing system appropriation into an annual appropriation for system operational costs
- Establish 1.00 FTE and federal funding for the administration and management of CARA projects
- Create 3.00 FTE and establish the budget authority to expend funds generated by the variable priced big game hunting licenses
- Enable block management to spend upland game bird license sales revenue as adopted last session
- Strengthen the collection of fisheries information by establishing 3.00 FTE and funding
- Create 3.00 FTE and federal funding to provide specialized enforcement
- Continue funding and include 0.50 FTE for mountain lion research
- Establish federal funding and 1.00 FTE to monitor elk and other ungulates to determine the impact of wolves
- Restore federal funding to administer land and water conservation fund grants
- Reduce recreation trail grants authority in HB 2 and transfer to HB 5 for efficient management
- Maintain federal funding for enhanced aquatic education program
- Establish \$2.2 million federal funds for state efforts to conserve and enhance fish, wildlife, historic, and recreational resources.

Language - The following HB 2 language is recommended:

"The appropriations for legislative contract authority are subject to all of the following provisions:

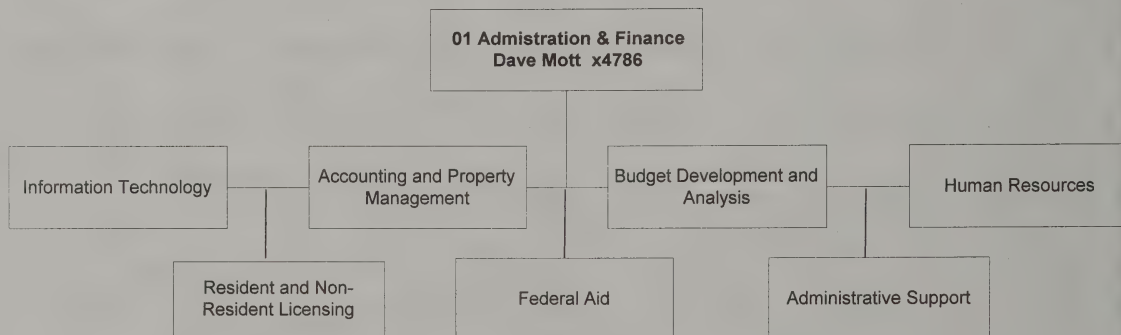
- 1) legislative contract authority applies only to federal funds.
- 2) legislative contract authority expenditures must be reported on the state's accounting system and the records must be separate from present law operations. In preparing the 2005 biennium budget for legislative consideration, the office of budget and program planning may not include the expenditures from this item in the present law base.
- 3) a report must be submitted by the department to the legislative fiscal division following the end of each fiscal year of the biennium. The report must include a list of projects with the related amount of expenditures and FTE for each project."

"The department is to report to the natural resources and commerce appropriations committee on the projects funded with federal Sikes Act money and state match money. The report is to include an analysis of the viability for continuance to the program and a list of projects funded with the money."

"Item 8 includes a total of \$138,780 for the 2003 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library up to the total amount appropriated."

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 568.52 | 4.00 | 19.19 | 591.71 | 4.00 | 19.19 | 591.71 |
| Personal Services | 21,719,523 | 1,982,000 | 674,763 | 24,376,286 | 2,131,405 | 677,885 | 24,528,813 |
| Operating Expenses | 20,005,153 | 510,588 | 2,225,114 | 22,740,855 | 381,173 | 2,220,672 | 22,606,998 |
| Equipment | 701,700 | 15,103 | 55,000 | 771,803 | (247,897) | 40,000 | 493,803 |
| Grants | 1,131,185 | (429,650) | 60,000 | 761,535 | (547,650) | 0 | 583,535 |
| Benefits & Claims | 6,641 | 0 | 0 | 6,641 | 0 | 0 | 6,641 |
| Transfers | 0 | 249,480 | 2,814,817 | 3,064,297 | 249,480 | 2,814,817 | 3,064,297 |
| Total Costs | \$43,564,202 | \$2,327,521 | \$5,829,694 | \$51,721,417 | \$1,966,511 | \$5,753,374 | \$51,284,087 |
| General Fund | 419,466 | 14,089 | 0 | 433,555 | 14,089 | 0 | 433,555 |
| State/Other Special | 31,653,448 | 3,092,131 | 637,693 | 35,383,272 | 2,657,864 | 562,855 | 34,874,167 |
| Federal Special | 11,491,288 | (778,699) | 5,192,001 | 15,904,590 | (705,442) | 5,190,519 | 15,976,365 |
| Total Funds | \$43,564,202 | \$2,327,521 | \$5,829,694 | \$51,721,417 | \$1,966,511 | \$5,753,374 | \$51,284,087 |

ADMINISTRATION & FINANCE DIV.



Program Description - The Administration and Finance Division provides department-wide support for accounting, fiscal management, purchasing and property management, personnel, and federal aid administration. In addition, the division provides information technology services to the agency, and administers the sale of hunting, fishing, and other recreational licenses.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| License and Permit Sales | 1,457,000 | 1,489,000 | 1,506,000 | 1,518,000 | 1,577,000 | 1,577,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 54.82 | 0.00 | 2.00 | 56.82 | 0.00 | 2.00 | 56.82 |
| Personal Services | 1,916,860 | 338,747 | 86,534 | 2,342,141 | 353,237 | 86,711 | 2,356,808 |
| Operating Expenses | 5,656,513 | (1,032,581) | 9,500 | 4,633,432 | (1,085,383) | 7,500 | 4,578,630 |
| Equipment | 49,100 | (34,100) | 0 | 15,000 | (34,100) | 0 | 15,000 |
| Transfers | 0 | 249,480 | 75,000 | 324,480 | 249,480 | 75,000 | 324,480 |
| Total Costs | \$7,622,473 | (\$478,454) | \$171,034 | \$7,315,053 | (\$516,766) | \$169,211 | \$7,274,918 |
| State/Other Special | 5,598,691 | 427,752 | 12,023 | 6,038,466 | 399,870 | 11,528 | 6,010,089 |
| Federal Special | 2,023,782 | (906,206) | 159,011 | 1,276,587 | (916,636) | 157,683 | 1,264,829 |
| Total Funds | \$7,622,473 | (\$478,454) | \$171,034 | \$7,315,053 | (\$516,766) | \$169,211 | \$7,274,918 |

Significant Present Law Adjustments -

- Continue the appropriation required by state accounting policy for recording account transfers
- Administer the license preference system that was established by the 1999 Legislature
- Create an annual appropriation for the biennial computer budget appropriations and maintain costs at the same level as FY 2000/2001
- Convert the biennial automated licensing system appropriation into an annual appropriation for system operational costs
- Respond to increased Smith River applications and conduct permit drawings
- Adjust for alternative pay plan

New Proposals -

- Create 1.00 FTE and funding to provide maintenance and up-to-date public information on the FWP Internet site
- Establish 1.00 FTE and federal funding for the administration and management of CARA projects
- Restore one-time-only funding for legislative contract authority

Language Recommendations - The following HB 2 language is recommended:

"Item 1b legislative contract authority (LCA) is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in HB 2 and must be requested as a new proposal to be continued into the 2005 biennium. LCA applies only to federal funds."

Proprietary Rates

Program Description -

Duplicating Center

The department duplicating center provides duplicating and bindery services to department employees. This duplicating center has only 1.00 FTE and whenever the demand for services becomes too great, the excess is taken to Publications & Graphics to be completed. This can occur when a particular job is considered too large.

Equipment Enterprise Fund

The department equipment fund provides a fleet of vehicles and aircraft to department employees. The revenue users are department employees, mostly enforcement wardens, fish and wildlife biologists, and park employees. Every month, users are charged for the miles driven (hours flown) during the previous month.

Warehouse Inventory

The department warehouse contains mainly uniform items (both for wardens and non-wardens) and items specifically related to the duties of the department such as gill nets for the fisheries biologists. Overhead costs are recovered by charging a predetermined fixed percentage to all sales.

Revenues and Expenses -

Duplicating Center

Revenues and Expenses. Expenses recovered in the rates are the personal services of the 1.00 FTE, operating expenses and the raw materials needed for duplicating.

Rates have been historically adjusted based on the need to increase or decrease the cash balances in the account. Prior to requesting new rates, a review of the cash balance is done. At FYE 2000, the cash balance was \$14,323 or a one-day reserve based on FY 2000 expenses.

Working Capital Discussion. The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program.

Fund Equity Discussion. A portion of the program fund balance has been reserved for the duplicating center equipment and inventory.

Cash Flow Discussion. Field projects are billed monthly for the purchases made during the month. The workload is fairly consistent so there is little fluctuation in cash balances except when additional inventory is purchased.

Equipment

Revenues and Expenses. The objective of the vehicle account is to recover (through rates and annual auction revenues) sufficient funds to cover administrative costs to operate the program (personal services and operations) in addition to being able to replace fleet vehicles at approximately 100,000 miles. A total of 2.06 FTE are funded from this revenue.

Working Capital Discussion. The department attempts to manage this account so that a 60-day working capital amount of cash is available when the cash balance is at its lowest level. During the past biennium, the department has spent down its excess cash balances. The department attempts to ensure that fees are commensurate with costs over time. It does this in two ways. First, proposed rates for the next biennium take into consideration excess income or loss generated from previous periods. Second, prior to assigning new rates at the beginning of a new fiscal year, the rates are recalculated based on actual information.

Fund Equity Discussion. A portion of the program fund balance has been reserved for the book value (original cost less accumulated depreciation) of department vehicles and aircraft.

Cash Flow Discussion. Divisions are billed monthly for the miles driven (hours flown) during the previous month. Cash balances fluctuate during the year for two reasons. The first is that monthly mileage is greater during in the summer and fall than during the winter and spring. The second reason is that new vehicles are purchased in the spring. Thus cash balances are normally highest in December after the hunting season and lowest in the spring after purchasing the new vehicles. Fiscal year end balances tend to be significantly higher than spring balances.

Warehouse Inventory

Revenues and Expenses. The expenses associated with the warehouse include miscellaneous office supplies and expenses for the warehouse worker and inventory purchased needed to replenish existing stock. There are no FTE funded with this program.

Working Capital Discussion. The 60-day working capital requirement provides sufficient cash to fund on-going operations of this program. The department attempts to ensure that fees are commensurate with costs over time by adjusting the proposed rates for excess income or loss from previous periods.

Fund Equity Discussion. A portion of the program fund balance has been reserved for the warehouse inventory.

Cash Flow Discussion. Field projects are billed monthly for the purchases made during the month. Cash balances fluctuate during the year. Cash balances are lowest during the winter when stock is replenished and highest during the summer when temporary and seasonal employees are hired.

Rate Explanation -

Duplicating Center

The rate methodology attempts to determine a rate for various duplicating and bindery services that allows the fund to recover both the cost of the raw materials and all associated personal services and operating costs. Rates have been historically adjusted based on the need to increase or decrease the cash balance. The requested rates have been increased only to recover anticipated inflationary increases in the raw materials and administrative costs.

Duplicating Services Proprietary Account Rates

• **Duplicating**

| Number of copies (includes paper) | FY 2002 | FY 2003 |
|-----------------------------------|---------|---------|
| 1-20 | \$0.045 | \$0.050 |
| 21-100 | \$0.030 | \$0.035 |
| 210-100 | \$0.025 | \$0.030 |
| 101-1000 | \$0.020 | \$0.025 |

• **Bindery**

| | | |
|-------------------------|---------|---------|
| Collating (per sheet) | \$0.005 | \$0.005 |
| Hand Stapling (per set) | \$0.015 | \$0.015 |
| Saddle stitch (per set) | \$0.030 | \$0.030 |
| Folding (per sheet) | \$0.005 | \$0.005 |
| Punching (per sheet) | \$0.001 | \$0.001 |
| Cutting (per minute) | \$0.550 | \$0.550 |

Equipment

The rate methodology attempts to determine a cost/mile rate for various classes of vehicles and a cost/hour rate for each class of aircraft. The methodology is to determine the previous year's expenses, including operating, maintenance, administration and depreciation expenses minus the previous year's revenue generated from the rates and the annual vehicle auction to establish the net income for a particular class. Next the life to date (LTD) net income or loss on a per mile (hour) basis is determined. Future year expenses are estimated based on current year information plus 4 percent. Using the most current year mileage and the projected expenses, a cost/mile (hour) rate is determined for the future year. This rate is adjusted for any LTD net income or loss. In an attempt to minimize large increases or decreases, rates will not change more than 25 percent per year (10 percent for aircraft).

In addition, in order to more fairly charge users, a minimum mileage rate was instigated in FY 2000. This will attempt to recover overhead costs whether a vehicle is driven or not. A minimum monthly overhead charge would be assessed to each vehicle that does not maintain the class average mileage. By using this method, the overhead costs are recovered and low mileage vehicles are not being subsidized by higher mileage vehicles.

Fish, Wildlife & Parks Vehicle and Aircraft Proprietary Rates

• **Per Mile Rates**

| Class | Description | FY 2002 | FY 2003 |
|-------|--------------------------|---------|---------|
| 101 | Sedans | \$0.20 | \$0.24 |
| 303 | Suburbans - 4x4 | \$0.33 | \$0.35 |
| 401 | Vans 1/2 Ton | \$0.18 | \$0.21 |
| 402 | Vans 1/2 Ton Window | \$0.27 | \$0.32 |
| 501 | Pickup 1/2 Ton 2x4 | \$0.33 | \$0.34 |
| 505 | Pickup 3/4 Ton 4x4 V8 | \$0.20 | \$0.22 |
| 507 | Grounds Maintenance | \$0.75 | \$0.85 |
| 518 | Bronco 4x4 | \$0.24 | \$0.28 |
| 519 | Pickup 1/2 Ton 4x4 | \$0.27 | \$0.34 |
| 520 | Pickup 3/4 Ton 4x4 HD | \$0.30 | \$0.35 |
| 521 | Pickup 3/4 Ton 4x4 HD XC | \$0.35 | \$0.38 |
| 532 | Pickup 1 Ton 4x4 | \$0.33 | \$0.37 |
| 533 | Pickup 3/4 Ton 4x4 MD | \$0.24 | \$0.27 |
| 534 | Pickup 3/4 Ton 4x4 MD XC | \$0.29 | \$0.33 |
| 535 | Pickup 1/2 Ton 4x4 LD XC | \$0.29 | \$0.33 |

• **Per Hour Rates**

| | | | |
|------|-----------------------|----------|----------|
| 2001 | 2 Place Single Engine | \$ 54.02 | \$ 56.72 |
| 2002 | Partnavia | \$257.24 | \$270.10 |
| 2003 | Turbine Helicopters | \$313.58 | \$329.26 |

Vehicles will be assessed a minimum overhead charge if not driven a minimum number of miles in addition to the regular rates.

Warehouse Inventory

The rate requested for the warehouse is an overhead rate that is added to the cost of the inventory items. The overhead rate will generate sufficient revenue to cover the administrative costs of the program.

The agency requests a 7 percent fixed overhead rate for FY 2002 and FY 2003. The rate is calculated by estimating the support costs to run and maintain the warehouse function such as office supplies and other miscellaneous office costs. Based on estimated warehouse sales, a fixed overhead percentage is determined that allows the department to recover the warehouse support costs. This rate is also adjusted for any previous over or under collections. Due to the size of this operation, a simple warehouse overhead rate has been considered the most logical.

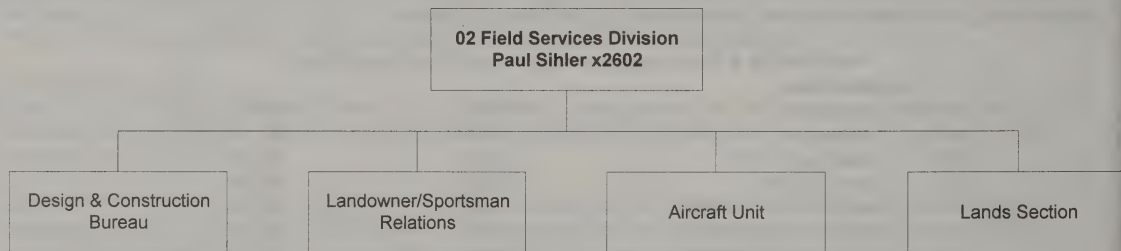
Significant Present Law -

Equipment present law explanation

Each year, department employees drive over 4,000,000 miles in department owned vehicles. The department currently has a fleet of over 400 vehicles, which are mainly used by enforcement officers, fish and wildlife biologists and parks employees. The department's request for vehicle replacement is for 41 vehicles in both FY 2002 and FY 2003. This is based on replacing vehicles after a minimum of 100,000 miles. This replacement schedule does not require a present law adjustment.

Routine scheduled maintenance is required for department aircraft to be approved for flight. In the upcoming biennium, the Hughes helicopter needs replacement of the main rotor transmission, tail rotor transmission, main rotor blade, bleed valve and overhaul of turbine and hot end. Costs will be \$113,000 in FY 2002 and \$60,000 in FY 2003. The supercub is scheduled for an engine overhaul in FY 2003 at a cost of \$25,000. These aircraft are used principally for wildlife surveys. This maintenance is necessary in order for these aircraft to continue to operate. These costs have been factored into the aircraft rates for FY 2002 and FY 2003. This present law adjustment is in the field service division's request.

FIELD SERVICES DIVISION



Program Description - The Field Services Division provides services in five areas. The Landowner Sportsman Relations and Block Management program establishes and maintains communications with user and resource-based organizations and individuals; administers the Livestock Loss Reimbursement program; and administers the Block Management program, which provides recreational access on private property. The Game Damage program provides assistance to landowners in minimizing impacts of game animals to property and crops. The Design and Construction Bureau provides architectural and engineering services for construction and maintenance projects at state parks, state fishing access sites, and wildlife management areas. The Aircraft Unit provides aerial mountain lake surveys and fish planting, wildlife surveys, wildlife capture and marking, and transportation for the department. The Land Unit is responsible for the real estate functions of the department, including conservation easements, acquisition and disposal of real estate and real property, and management of all permanent land records.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of acres enrolled in block management | 7,134,585 | 7,273,722 | 7,155,783 | 7,200,000 | 7,200,000 | 7,200,000 |
| Number of hunter days on block management land | 352,000 | 248,314 | 248,129 | 250,000 | 250,000 | 250,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 45.31 | 3.00 | 1.00 | 49.31 | 3.00 | 1.00 | 49.31 |
| Personal Services | 1,520,746 | 285,008 | 43,380 | 1,849,134 | 296,223 | 43,533 | 1,860,502 |
| Operating Expenses | 3,974,216 | 1,569,013 | 10,090 | 5,553,319 | 1,547,619 | 9,937 | 5,531,772 |
| Equipment | 8,500 | 0 | 0 | 8,500 | 0 | 0 | 8,500 |
| Grants | 12,000 | 0 | 0 | 12,000 | 0 | 0 | 12,000 |
| Benefits & Claims | 6,641 | 0 | 0 | 6,641 | 0 | 0 | 6,641 |
| Transfers | 0 | 0 | 60,000 | 60,000 | 0 | 60,000 | 60,000 |
| Total Costs | \$5,522,103 | \$1,854,021 | \$113,470 | \$7,489,594 | \$1,843,842 | \$113,470 | \$7,479,415 |
| State/Other Special | 4,843,842 | 1,804,844 | 53,470 | 6,702,156 | 1,789,865 | 53,470 | 6,687,177 |
| Federal Special | 678,261 | 49,177 | 60,000 | 787,438 | 53,977 | 60,000 | 792,238 |
| Total Funds | \$5,522,103 | \$1,854,021 | \$113,470 | \$7,489,594 | \$1,843,842 | \$113,470 | \$7,479,415 |

Significant Present Law Adjustments -

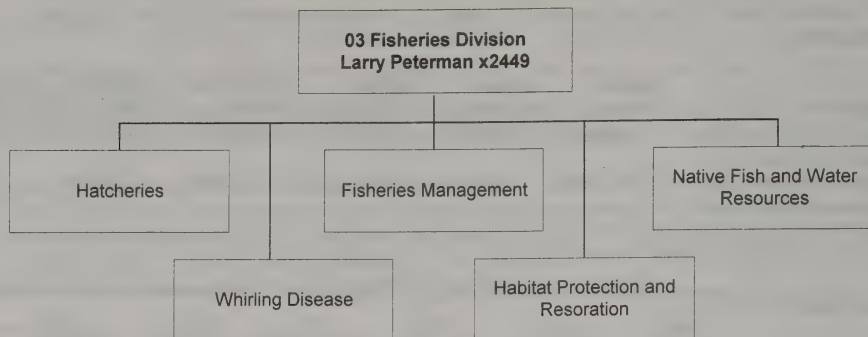
- Establish budget authority to calculate the impacts of net client hunting use
- Pay the increased land lease rates from the Department of Natural Resources on 45,000 acres
- Adjust for alternative pay plan
- Pay increases in taxes and assessments on FWP wildlife management areas, state parks, fishing access sites, and other department owned lands
- Enable block management to spend upland game bird license sales revenue as adopted last session
- Budget technical adjustment for the existing biennial appropriation for public wildlife interface
- Create 3.00 FTE and establish the budget authority to expend funds generated by the variable priced big game hunting licenses

New Proposals -

- Change 1.00 FTE and funding for a public land access coordinator from temporary to permanent
- Establish one-time-only funding for legislative contract authority (LCA)

Language Recommendations - The following HB 2 language is recommended:

"Item 2a legislative contract authority (LCA) is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in HB 2 and must be requested as a new proposal to be continued into the 2005 biennium. LCA applies only to federal funds."



Program Description - The Fisheries Division is responsible for preserving and perpetuating aquatic species and their ecosystems and for meeting public demand for fishing opportunities and aquatic wildlife stewardship. The division formulates and implements policies and programs that emphasize management for wild fish populations and the protection and restoration of habitat necessary to maintain these populations. The program 1) operates a hatchery program to stock lakes and reservoirs where natural reproduction is limited; 2) regulates angler harvests; 3) monitors fish populations; and 4) provides and maintains adequate public access.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of fish stocked (in millions) | 70.0 | 57.8 | 59.0 | 65.0 | 65.0 | 65.0 |
| Pounds of fish stocked | 300,000 | 265,000 | 275,000 | 300,000 | 300,000 | 300,000 |
| Fish habitat projects | 40 | 46 | 59 | 50 | 50 | 50 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 108.23 | 0.00 | 4.00 | 112.23 | 0.00 | 4.00 | 112.23 |
| Personal Services | 4,207,215 | 323,129 | 130,767 | 4,661,111 | 352,067 | 131,218 | 4,690,500 |
| Operating Expenses | 2,285,070 | 82,973 | 56,946 | 2,424,989 | 90,528 | 56,495 | 2,432,093 |
| Equipment | 57,225 | 73,867 | 0 | 131,092 | 108,867 | 0 | 166,092 |
| Grants | 21,243 | 0 | 0 | 21,243 | 0 | 0 | 21,243 |
| Transfers | 0 | 0 | 1,851,019 | 1,851,019 | 0 | 1,851,019 | 1,851,019 |
| Total Costs | \$6,570,753 | \$479,969 | \$2,038,732 | \$9,089,454 | \$551,462 | \$2,038,732 | \$9,160,947 |
| State/Other Special | 3,152,488 | 155,279 | 55,064 | 3,362,831 | 178,466 | 55,064 | 3,386,018 |
| Federal Special | 3,418,265 | 324,690 | 1,983,668 | 5,726,623 | 372,996 | 1,983,668 | 5,774,929 |
| Total Funds | \$6,570,753 | \$479,969 | \$2,038,732 | \$9,089,454 | \$551,462 | \$2,038,732 | \$9,160,947 |

Significant Present Law Adjustments -

- Continue the funding for the standard replacement of field equipment and the purchase of two hatchery trucks with restrictions to the equipment category
- Adjust for the alternative pay plan

New Proposals -

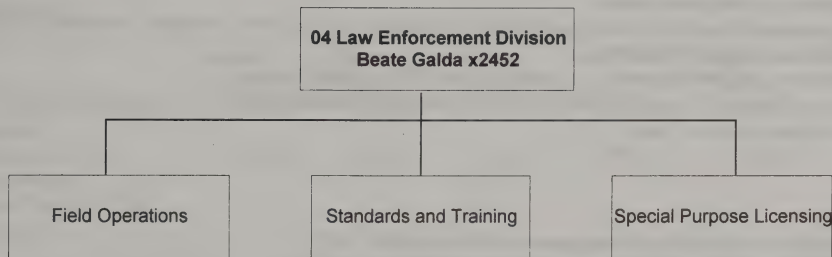
- Provide assistance at non-FWP sites that provide public fishing access
- Establish one-time-only funding and 1.00 FTE for the coordination and facilitation of recreation management in Montana's most popular and congested waters
- Create 3.00 FTE and funding to increase the fisheries field personnel and operations that are needed for the collection of fisheries information
- Restore one-time-only funding for legislative contract authority

Language Recommendations - The following HB 2 language is recommended:

"Item 3a legislative contract authority (LCA) is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in HB 2 and must be requested as a new proposal to be continued into the 2005 biennium. LCA applies only to federal funds."

"Item 3b is a restricted appropriation for equipment replacement."

LAW ENFORCEMENT DIVISION



Program Description - The Law Enforcement Division is responsible for ensuring compliance with the department laws and regulations for the protection and preservation of big game animals, fur-bearing animals, fish, game birds, and other wildlife species. It also enforces laws and regulations relative to lands or waters under the jurisdiction and authority of the department such as parks, fishing access sites, and wildlife management areas, as well as those laws and regulations pertaining to boating, snowmobile, and all-terrain vehicle safety and registration. Other duties include administration of special purpose licenses, overseeing the department's licensing agents, and investigating wildlife damage complaints.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|----------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of Contacts | 162,053 | 163,658 | 153,580 | 158,000 | 158,000 | 158,000 |
| Number of Violations | 12,311 | 12,494 | 11,215 | 11,800 | 11,800 | 11,800 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 102.43 | 0.00 | 3.00 | 105.43 | 0.00 | 3.00 | 105.43 |
| Personal Services | 4,443,796 | 278,231 | 112,941 | 4,834,968 | 306,408 | 114,271 | 4,864,475 |
| Operating Expenses | 1,497,522 | 226,496 | 69,900 | 1,793,918 | 87,471 | 39,900 | 1,624,893 |
| Equipment | 126,964 | (52,000) | 15,000 | 89,964 | (52,000) | 0 | 74,964 |
| Grants | 11,496 | 0 | 0 | 11,496 | 0 | 0 | 11,496 |
| Transfers | 0 | 0 | 10,000 | 10,000 | 0 | 10,000 | 10,000 |
| Total Costs | \$6,079,778 | \$452,727 | \$207,841 | \$6,740,346 | \$341,879 | \$164,171 | \$6,585,828 |
| General Fund | 132,693 | 3,976 | 0 | 136,669 | 3,976 | 0 | 136,669 |
| State/Other Special | 5,717,358 | 399,189 | 0 | 6,116,547 | 285,182 | 0 | 6,002,540 |
| Federal Special | 229,727 | 49,562 | 207,841 | 487,130 | 52,721 | 164,171 | 446,619 |
| Total Funds | \$6,079,778 | \$452,727 | \$207,841 | \$6,740,346 | \$341,879 | \$164,171 | \$6,585,828 |

Significant Present Law Adjustments -

- Continue zero-based compensation for warden work performed during official holidays, emergency response, and coverage of peak times and seasons
- Restore the biennial appropriation for contract EAs and EISs required by law
- Maintain previous level of support for major criminal violations investigations
- Adjust for the alternative pay plan

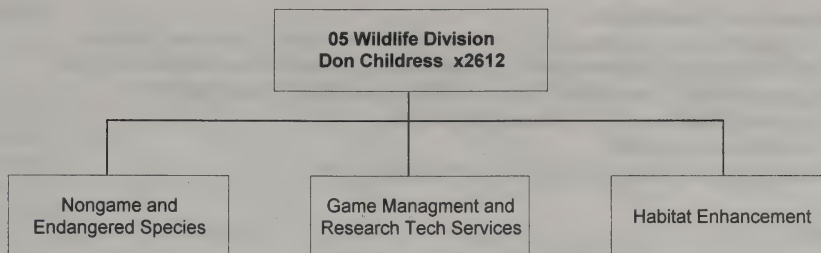
New Proposals -

- Establish one-time-only funding for legislative contract authority (LCA)
- Create 3.00 FTE and federal funding to provide specialized enforcement

Language Recommendations - The following HB 2 language is recommended:

"Item 4a legislative contract authority (LCA) is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in HB 2 and must be requested as a new proposal to be continued into the 2005 biennium. LCA applies only to federal funds."

"Item 4b contains a biennial appropriation of \$208,000 for game farm environmental, assessment/environmental impact statement."



Program Description - The Wildlife Division is responsible for the department statewide wildlife management program, which enhances the use of Montana renewable wildlife resources for public benefit. It protects, regulates, and perpetuates wildlife populations with habitat management and regulated harvest. Through promotion of land management practices, wildlife habitat areas are maintained and enhanced. In addition, the program provides wildlife recreational opportunities to the public, including non-game wildlife, and provides public information regarding conservation of wildlife populations and wildlife habitats. The program manages animals legislatively categorized as big game, small game, furbearers, and threatened and endangered species.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Acres of habitat acquired or enhanced | 57,054 | 42,285 | 23,771 | 100,000 | 110,000 | 160,000 |
| Regulations printed | 739,100 | 725,400 | 725,400 | 725,400 | 725,400 | 725,400 |
| Recreation day associated with hunting and trapping | ** | | | | | |

** Harvest survey data is being revised. Hunter/trapper effort will be calculated using the new information from the revised survey.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 98.20 | 0.50 | 2.00 | 100.70 | 0.50 | 2.00 | 100.70 |
| Personal Services | 3,908,397 | 374,290 | 69,402 | 4,352,089 | 402,058 | 69,627 | 4,380,082 |
| Operating Expenses | 2,508,831 | (26,109) | 323,278 | 2,806,000 | 25,312 | 323,053 | 2,857,196 |
| Equipment | 64,926 | 0 | 40,000 | 104,926 | 0 | 40,000 | 104,926 |
| Grants | 110,000 | 25,137 | 0 | 135,137 | 25,137 | 0 | 135,137 |
| Transfers | 0 | 0 | 533,798 | 533,798 | 0 | 533,798 | 533,798 |
| Total Costs | \$6,592,154 | \$373,318 | \$966,478 | \$7,931,950 | \$452,507 | \$966,478 | \$8,011,139 |
| State/Other Special | 3,366,666 | 262,076 | 108,169 | 3,736,911 | 312,192 | 108,169 | 3,787,027 |
| Federal Special | 3,225,488 | 111,242 | 858,309 | 4,195,039 | 140,315 | 858,309 | 4,224,112 |
| Total Funds | \$6,592,154 | \$373,318 | \$966,478 | \$7,931,950 | \$452,507 | \$966,478 | \$8,011,139 |

Significant Present Law Adjustments -

- Add 0.50 FTE and funding to manage grizzly and black bear conflicts in northwest Montana
- Increase wildlife population monitoring efforts across the state using 75 percent federal funds
- Reduce and annualize the operating budget for the upland game bird habitat program
- Budget for the increased costs to print hunting regulations
- Adjust for the alternative pay plan
- Reduce budget authority due to savings in data entry efficiencies

New Proposals -

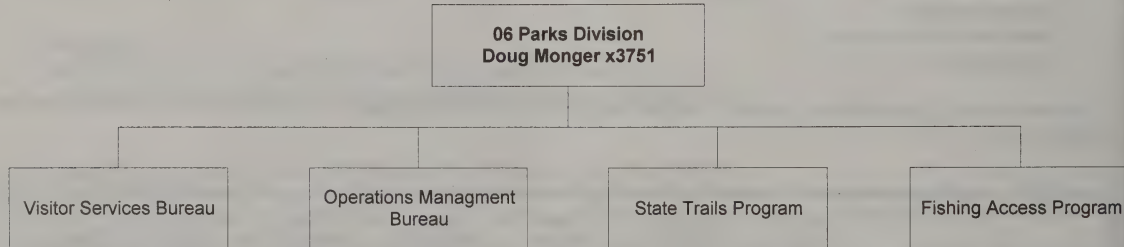
- Continue funding and include 0.50 FTE for mountain lion research
- Establish 0.50 FTE and funding to evaluate black bear management criteria as outlined in the EIS
- Restore one-time-only funding for legislative contract authority (LCA)
- Approve federal funding and 1.00 FTE to monitor elk and other ungulates to determine the impact of wolves
- Inventory game and non-game species associated with the sagebrush/grassland ecosystem

Language Recommendations - The following HB 2 language is recommended:

"Item 5a legislative contract authority (LCA) is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in HB 2 and must be requested as a new proposal to be continued into the 2005 biennium. LCA applies only to federal funds."

"Item 5b is a restricted appropriation for mountain lion research."

PARKS DIVISION



Program Description - The Parks Division is responsible for conserving the scenic, historic, archaeological, scientific, and recreational resources of the state and providing for their use and enjoyment. The program includes 41 parks, 12 affiliated lands such as rifle ranges and recreation sites managed by local and federal agencies, and 312 fishing access sites. Other programs administered by the division include motorized and non-motorized trails, state Capitol Complex grounds maintenance, and the Montana Conservation Corps.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| State Park Visitation* | 1.5 million | 1.5 million | 1.55 million | 1.6 million | 1.7 million | 1.8 million |
| Satisfaction with state park maintenance | 75% | 75% | 75% | 76% | 77% | 78% |
| Satisfaction with resources protection | 73% | 73% | 73% | 74% | 75% | 76% |
| Satisfaction with park information | 68% | 68% | 68% | 69% | 70% | 71% |
| Satisfaction with park education programs | 45% | 45% | 45% | 47% | 49% | 51% |
| Satisfaction with feeling safe in parks | 72% | 72% | 72% | 73% | 74% | 75% |

* Included to show trends and should not be used as the sole indicator of success

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 88.52 | 0.00 | 4.79 | 93.31 | 0.00 | 4.79 | 93.31 |
| Personal Services | 2,698,092 | 244,958 | 128,838 | 3,071,888 | 267,173 | 129,268 | 3,094,533 |
| Operating Expenses | 1,770,341 | (186,211) | 268,000 | 1,852,130 | (162,674) | 268,000 | 1,875,667 |
| Equipment | 345,893 | 27,336 | 0 | 373,229 | (270,664) | 0 | 75,229 |
| Grants | 810,082 | (471,423) | 0 | 338,659 | (471,423) | 0 | 338,659 |
| Transfers | 0 | 0 | 50,000 | 50,000 | 0 | 50,000 | 50,000 |
| Total Costs | \$5,624,408 | (\$385,340) | \$446,838 | \$5,685,906 | (\$637,588) | \$447,268 | \$5,434,088 |
| General Fund | 284,076 | 10,113 | 0 | 294,189 | 10,113 | 0 | 294,189 |
| State/Other Special | 4,547,243 | 177,636 | 139,838 | 4,864,717 | (74,612) | 140,268 | 4,612,899 |
| Federal Special | 793,089 | (573,089) | 307,000 | 527,000 | (573,089) | 307,000 | 527,000 |
| Proprietary | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$5,624,408 | (\$385,340) | \$446,838 | \$5,685,906 | (\$637,588) | \$447,268 | \$5,434,088 |

Significant Present Law Adjustments -

- Reduce recreation trail grants authority in HB 2 and transfer to HB 5 for efficient management of grants
- Fund off-highway vehicle operations and local grants authority
- Adjust for the alternative pay plan

New Proposals -

- Create 2.79 FTE and state funding for park maintenance and operations improvement
- Reestablish funding for ongoing maintenance at fishing access sites and motorboat parks
- Establish 2.00 FTE and funding for increasing maintenance demands at fishing access sites
- Restore one-time-only funding for legislative contract authority (LCA)
- Maintain federal funding to administer land and water conservation fund grants

Language Recommendations - The following HB 2 language is recommended:

"Item 6a legislative contract authority (LCA) is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in HB 2 and must be requested as a new proposal to be continued into the 2005 biennium. LCA applies only to federal funds"

"Item 6c is a restricted appropriation for motorboat maintenance."

"Item 6d includes a biennial appropriation of \$298,000 for snowmobile equipment."

Proprietary Rates

Program Description -

The Parks Division of Montana Fish, Wildlife and Parks is responsible for the state Capitol Complex Grounds Maintenance program.

The department funds the program through the capitol grounds proprietary account (A/E 06541). Direct costs of the program are accounted for in SABHRS organizations 6391, 6392 and 6393. Indirect costs are charged to the grounds maintenance program and accounted for in SABHRS organization 6399. Indirect costs are recovered through assessment of an indirect cost rate on actual program expenditures of the previous period.

The total annual cost of the capitol grounds maintenance program is allocated to state agencies based on each agency's share of the total square footage of office space on the capitol complex, which is rented from Department of Administration, General Services Division.

Revenues and Expenses -

There are no changes proposed in the provision of services. An increase of \$0.025 cents per square foot is proposed for the 2003 biennium.

On an annual basis, revenues and expenses are reviewed to ensure costs are commensurate with the fees charged agencies. Surplus cash may occur during years when the weather is favorable for maintenance and snow removal. Accumulated cash balances from previous periods are used to calculate rates for future periods. A total of 5.66 FTE are funded in this program.

Working Capital Discussion. The 60-day working capital requirement provides sufficient cash to fund on-going operations of the program. On a biennial basis, program costs are reviewed to ensure fees charged to agencies are commensurate with program costs. Each biennium, the account is analyzed to determine if ending cash balances are long or short relative to program working capital requirements. Calculation of rates for future periods can be affected by ending cash balances.

Fund Equity Discussion. Fund balance is reserved for reverted appropriations from the previous period.

Cash Flow Discussion. Agencies are billed quarterly for grounds maintenance and snow removal. Cash balances fluctuate during the year relative to the season and weather conditions. Generally, cash balances are lowest in the first and last quarter of each fiscal year. This is during the busy summer months of lawn and landscape maintenance and during the start up season in the spring. During years of heavy and or frequent snowfall, cash balances can become low in the second and third quarters.

Rate Explanation -

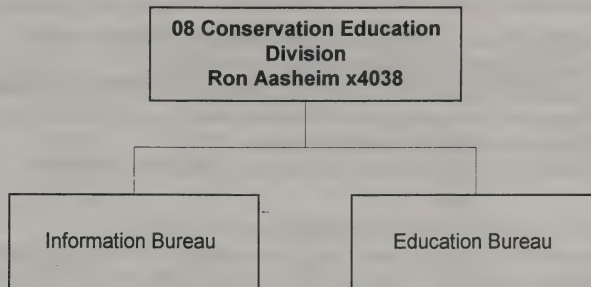
Capitol grounds unit of service is the grounds maintenance and snow removal on the Capitol Complex. The unit price is the total annual revenue of the program divided by the total square footage of rented office space on the Capitol Complex. Square footage of rented office space on the Capitol Complex for the 2003 biennium is provided by General Services Division and used in these calculations. The summary of costs billed to agencies and per unit costs for FY 1996 - FY 2003 are as follows:

| | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 |
|-------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Revenue | \$265,338 | \$263,768 | \$297,349 | \$298,562 | \$296,112 | \$296,000 | \$319,189 | \$319,189 |
| Per Sq. Ft. | \$.3129 | \$.3111 | \$.3446 | \$.3446 | \$.3446 | \$.3446 | \$.3696 | \$.3696 |

An increase in the rate of \$.025 cents for the 2003 biennium is proposed.

Significant Present Law -

Requested within decision package #616 are 3.34 FTE to bring the total back to the 5.66 FTE authorized for fiscal years 2000/2001. These positions did not roll forward in the base because they were inadvertently set up at a modified level. Additionally, an increase of 0.40 FTE is being requested. The additional FTE will not create any additional permanent positions but will be used to add to existing positions to improve employee retention and reduce training and recruitment costs. The proposed \$0.025 cent increase in the square footage rates is the first increase in four years. It will fund the decision package and provide an adequate fund balance.



Program Description - The Conservation Education Division, through its Helena office and six regional information officers, provides the department's primary information and education program. Its responsibilities include: 1) distributing public information through news releases, audio-visual materials, brochures and public service announcements; 2) coordinating youth education programs; 3) coordinating the production of hunting, fishing and trapping regulations; 4) coordinating the hunter, bow hunter, snowmobile, boat and off-highway vehicle education and safety programs; and 5) providing reception services for the department's Helena Headquarters. The program publishes the Montana Outdoors magazine; produces video documentaries and television public service announcements, a weekly television report; and maintains a film/video lending library and operates the department's wild animal rehabilitation center.

Program Indicator -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-----------------------------------|---------------|---------------|---------------|------------------|------------------|------------------|
| Hunter Ed students instructed | 6,100 | 6,500 | 6,300 | 6,500 | 6,800 | 6,800 |
| Bow-hunter Ed students instructed | 2,000 | 1,700 | 1,600 | 2,000 | 2,000 | 2,000 |
| Montana Outdoors subscriptions* | 42,000 | 40,300 | 40,000 | 40,000 | 40,000 | 40,000 |

* Subscription sales only (does not include Newsstand and miscellaneous sales)

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 22.25 | 0.00 | 0.90 | 23.15 | 0.00 | 0.90 | 23.15 |
| Personal Services | 914,519 | 77,074 | 37,665 | 1,029,258 | 82,764 | 37,794 | 1,035,077 |
| Operating Expenses | 1,062,429 | (52,847) | 369,228 | 1,378,810 | (48,014) | 369,099 | 1,383,514 |
| Equipment | 8,152 | 0 | 0 | 8,152 | 0 | 0 | 8,152 |
| Grants | 101,364 | 16,636 | 60,000 | 178,000 | (101,364) | 0 | 0 |
| Transfers | 0 | 0 | 35,000 | 35,000 | 0 | 35,000 | 35,000 |
| Total Costs | \$2,086,464 | \$40,863 | \$501,893 | \$2,629,220 | (\$66,614) | \$441,893 | \$2,461,743 |
| General Fund | 2,697 | 0 | 0 | 2,697 | 0 | 0 | 2,697 |
| State/Other Special | 1,690,907 | 34,075 | 164,893 | 1,889,875 | (73,402) | 104,893 | 1,722,398 |
| Federal Special | 392,860 | 6,788 | 337,000 | 736,648 | 6,788 | 337,000 | 736,648 |
| Total Funds | \$2,086,464 | \$40,863 | \$501,893 | \$2,629,220 | (\$66,614) | \$441,893 | \$2,461,743 |

Significant Present Law Adjustments -

- Adjust for alternative pay plan

New Proposals -

- Fund 0.40 FTE and operations of the Spring Meadow wild animal rehabilitation center
- Reauthorize federal funding for enhanced aquatic education program
- Continue 0.50 FTE and operations funding for the remedial and continuing hunter education courses
- Create additional funding as a biennial appropriation for the shooting range grants program
- Establish one-time-only funding for legislative contract authority (LCA)
- Use federal funds to add another grade level to the conservation education magazine

Language Recommendations - The following HB 2 language is recommended:

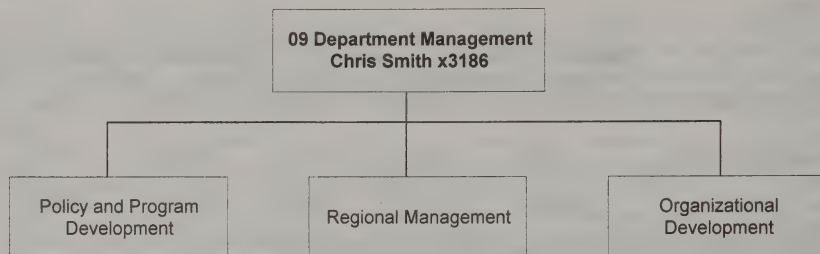
"Item 7a legislative contract authority (LCA) is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in HB 2 and must be requested as a new proposal to be continued into the 2005 biennium. LCA applies only to federal funds."

"Item 7b is a restricted appropriation for aquatic education program/family fishing."

"Item 7c is a biennial appropriation of \$120,000 for shooting range grants."

"Item 7d is a biennial appropriation of \$60,000 for shooting range grants enhancement."

DEPARTMENT MANAGEMENT



Program Description - The Department Management Division is responsible for: 1) overall department direction regarding policy, planning, program development, guidelines, and budgets; 2) liaison with the Governor's Office and the Legislature; 3) interaction with the Fish, Wildlife and Parks Commission; 4) decision-making for key resource activities affecting the department; 5) supervision of seven divisions that provide program development and staff support; 6) supervision of seven regional offices that are responsible for program implementation; 7) legal services for the department; and 8) liaison with Montana's Indian tribes and with other state and federal agencies.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Personnel appraisals conducted (Performance Agreements) | 57% | 67% | 77% | 87% | 93% | 95% |
| % of employee participants in Leadership & Career Development Initiatives | 19% | 27% | 56% | 65% | 80% | 90% |

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 48.76 | 0.50 | 1.50 | 50.76 | 0.50 | 1.50 | 50.76 |
| Personal Services | 2,109,898 | 60,563 | 65,236 | 2,235,697 | 71,475 | 65,463 | 2,246,836 |
| Operating Expenses | 1,250,231 | (70,146) | 1,118,172 | 2,298,257 | (73,686) | 1,146,688 | 2,323,233 |
| Equipment | 40,940 | 0 | 0 | 40,940 | 0 | 0 | 40,940 |
| Grants | 65,000 | 0 | 0 | 65,000 | 0 | 0 | 65,000 |
| Transfers | 0 | 0 | 200,000 | 200,000 | 0 | 200,000 | 200,000 |
| Total Costs | \$3,466,069 | (\$9,583) | \$1,383,408 | \$4,839,894 | (\$2,211) | \$1,412,151 | \$4,876,009 |
| State/Other Special | 2,736,253 | (168,720) | 104,236 | 2,671,769 | (159,697) | 89,463 | 2,666,019 |
| Federal Special | 729,816 | 159,137 | 1,279,172 | 2,168,125 | 157,486 | 1,322,688 | 2,209,990 |
| Total Funds | \$3,466,069 | (\$9,583) | \$1,383,408 | \$4,839,894 | (\$2,211) | \$1,412,151 | \$4,876,009 |

Significant Present Law Adjustments -

- Add 0.50 FTE and state funds to enhance public service in the Billings regional office
- Increase funding for FWP's use of the Natural Resource Information System
- Adjust for the alternative pay plan
- Restore zero-based budget to cover the commissioners' expenses and per diem

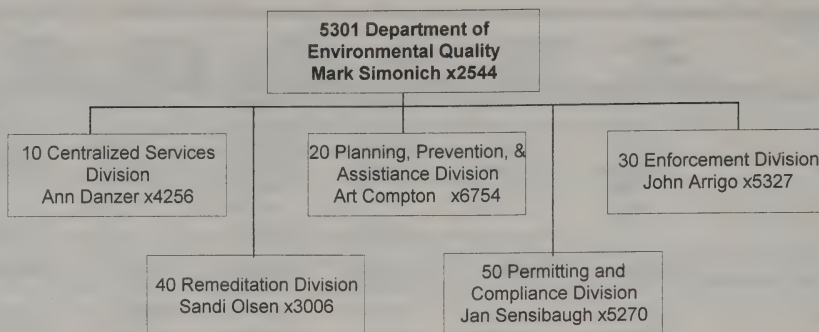
New Proposals -

- Authorize one-time-only funding to conduct market research to develop a fair, acceptable fee structure
- Create one-time-only funding for the cadastral database
- Establish one-time-only funding for legislative contract authority (LCA)
- Provide 1.50 FTE and funding for support of geographic information systems
- Establish \$2.2 million federal funds for state efforts to conserve and enhance fish, wildlife, historic, and recreational resources

Language Recommendations - The following HB 2 language is recommended:

"Item 8a legislative contract authority (LCA) is subject to all LCA provisions stated in the agency's language. LCA is restricted and a one-time-only item in HB 2 and must be requested as a new proposal to be continued into the 2005 biennium. LCA applies only to federal funds."

"Item 8b is a restricted appropriation for cadastral database."



Mission Statement - To protect, promote and enhance public health and environmental quality for the benefit of all Montana citizens.

Statutory Authority - Titles 2, 7, 37, 50, 69, 75, 76, 80, 82 and 90, MCA; USC 24, 30, 33 and 42; P.L. No. 92-500, 95-87, 91, 95-224 and 99-519.

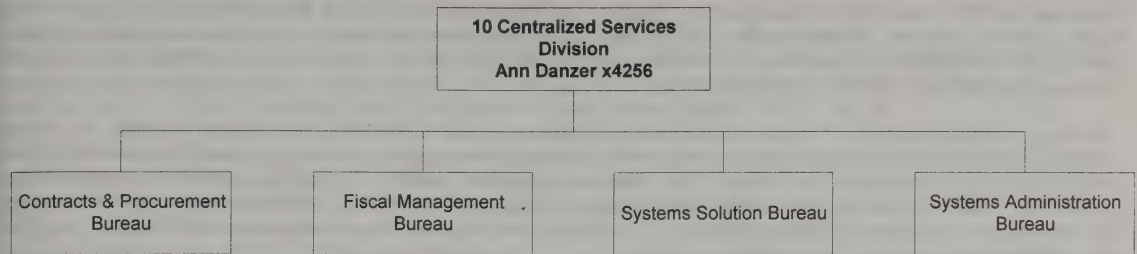
Executive Budget Recommendation -

- Support an additional 1.00 FTE and funding for legal staff due to increased workloads
- Establish a biennial/restricted appropriation of general fund for legal challenges
- Add 1.00 FTE and federal funding for the supplemental federal nonpoint source grant funds which provide financial and technical assistance to conservation districts and watershed groups
- Allow additional funding and 6.00 FTE to accelerate the development of total maximum daily loads to meet the statutory deadline of 2007
- Create 2.00 FTE and federal funding for data quality assurance support and quality control for water quality monitoring activities

Language - The following HB 2 language is recommended:

"Items 2, 4 and 5 include a total of \$177,860 for the 2003 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library up to the total amount appropriated."

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 349.24 | 11.50 | 13.00 | 373.74 | 11.50 | 13.00 | 373.74 |
| Personal Services | 12,666,881 | 2,105,630 | 433,287 | 15,205,798 | 2,192,598 | 426,039 | 15,285,518 |
| Operating Expenses | 23,946,366 | 28,626,214 | 3,293,283 | 55,865,863 | (4,730,598) | 3,209,551 | 22,425,319 |
| Equipment | 93,060 | 262,500 | 48,990 | 404,550 | 25,516 | 40,000 | 158,576 |
| Grants | 1,085,813 | 196,782 | 0 | 1,282,595 | 243,558 | 0 | 1,329,371 |
| Benefits & Claims | 0 | 3,500,000 | 0 | 3,500,000 | 0 | 0 | 0 |
| Total Costs | \$37,792,120 | \$34,691,126 | \$3,775,560 | \$76,258,806 | (\$2,268,926) | \$3,675,590 | \$39,198,784 |
| General Fund | 3,266,376 | 1,512,651 | 182,677 | 4,961,704 | 1,105,604 | 182,375 | 4,554,355 |
| State/Other Special | 19,857,864 | 29,201,244 | 243,143 | 49,302,251 | (6,746,287) | 157,153 | 13,268,730 |
| Federal Special | 14,667,880 | 3,977,231 | 3,349,740 | 21,994,851 | 3,371,757 | 3,336,062 | 21,375,699 |
| Total Funds | \$37,792,120 | \$34,691,126 | \$3,775,560 | \$76,258,806 | (\$2,268,926) | \$3,675,590 | \$39,198,784 |



Program Description - The Central Management Division consists of the Director's Office and a Centralized Services office. The Director's Office includes the director's staff, a centralized Legal Services Unit, and a centralized Personnel Office. It is the organizational component of the agency that is responsible and accountable for the administration, management, planning, and evaluation of agency performance in carrying out department mission and statutory responsibilities. The Centralized Services office provides budgeting, accounting, payroll, procurement, contract management, and information technology services support to other divisions.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.00 | 1.00 | 0.00 | 1.00 | 1.00 | 0.00 | 1.00 |
| Personal Services | 1,350 | 43,454 | 0 | 44,804 | 43,607 | 0 | 44,957 |
| Operating Expenses | 16,072 | 370,711 | 0 | 386,783 | 116,632 | 0 | 132,704 |
| Total Costs | \$17,422 | \$414,165 | \$0 | \$431,587 | \$160,239 | \$0 | \$177,661 |
| General Fund | 14,041 | 414,165 | 0 | 428,206 | 160,239 | 0 | 174,280 |
| Federal Special | 3,381 | 0 | 0 | 3,381 | 0 | 0 | 3,381 |
| Total Funds | \$17,422 | \$414,165 | \$0 | \$431,587 | \$160,239 | \$0 | \$177,661 |

Significant Present Law Adjustments -

- Support an additional 1.00 FTE and funding for legal staff due to increased workloads
- Restore funding for database development that is biennial and restricted
- Establish a biennial/restricted appropriation of general fund for legal challenges

Language Recommendations - The following HB 2 language is recommended:

"Item 1a includes a biennial/restricted appropriation of \$250,000 general fund for database development."

"Item 1b is a biennial appropriation for legal challenges."

Proprietary Rates

Program Description- The department has one proprietary fund, which is an internal service fund used to account for the department's indirect cost activity. The indirect pool consists of expenditures from the Director's Office, Personnel and Legal Units, Central Services Administration, and the Fiscal Management, Contracts and Procurement, Systems Solutions, and Systems Administration Bureaus.

Revenues and Expenses - The department anticipates negotiating an indirect rate with the U.S. Environmental Protection Agency (EPA) of approximately 24 percent in FY 2002 and FY 2003. Revenues generated by the current indirect cost rate fund 42.00 FTE. The department's requested rate contains funding for 2.00 FTE that were authorized by the 1999 Legislature but are currently unfunded. In addition, the department has submitted a present law proposal to

increase the FTE in the Central Management Program and reduce staff in the other divisions by 6.50 FTE information technology (IT) positions. These positions will be transferred from other department programs to the Systems Solutions and Systems Administration Bureaus. The costs associated with the 6.50 FTE represent approximately 2% of the total proposed indirect cost rate of 24 percent.

Working Capital Discussion. The table in the reference section shows that the department must maintain an average working capital balance of approximately \$485,000 to meet its current obligations. Working capital is not directly factored into the indirect cost rate. The indirect cost rate is determined based on guidelines prescribed by the federal government. Refer to the section on Rate Explanation for further details. The department must maintain enough working capital to meet its immediate cash needs to cover payroll and various operating costs. Refer to the Cash Flow discussion below for specific cash needs.

Fund Equity Discussion. The department does not reserve a fund balance on the accounting records nor does it try to maintain a fund balance. The revenues generated should be enough to cover the current year's operations. However, due to timing factors, the fund balance does not always equal zero.

As shown in the table, the ending retained earnings for FY 2000 was \$151,529. The retained earnings balance increased between FY 1999 and FY 2000 due to a change in how the indirect rate was calculated from previous years. The rates negotiated with EPA for FY 2000 and FY 2001 were based on the budget for those years. The rates prior to FY 2000 were based on actual expenditure data from the most recent complete fiscal year at the time the indirect proposal was submitted to EPA. Because the rate in FY 2000 was based on budgeted amounts, it was difficult to predict how much of the budget would be spent during the fiscal year. As a result, the department had a slight over-recovery. This over-recovery will be taken into account when the department negotiates its rate with EPA.

As noted in other sections of this narrative, it is necessary for the department to have adequate working capital and cash on hand to meet its immediate cash needs. This working capital is reflected in the ending retained earnings balance. In addition, the department does have contributed capital in its proprietary account of \$270,000, which is a result of the agency reorganization mandated by the 1995 Legislature.

Cash Flow Discussion. Cash into this account fluctuates based on the department's vacancy rate. Since the indirect rate is applied against the department's personal services base, as employees are hired or terminate, this causes the monthly revenues flowing into this account to fluctuate either up or down. As noted in the Working Capital section above, the department must maintain enough working capital to pay its immediate cash needs, such as payrolls and operating expenses. An average payroll for the Central Management Program is \$65,000 for a two-week period. In addition, like all state agencies, the department must pay insurance premiums to Tort Claims. Therefore, this account must maintain a significant cash balance at the beginning of the fiscal year to cover this obligation. The department paid \$164,000 in insurance premiums and bonds in FY 2000 and is budgeted \$215,500 and \$232,000 in FY 2002 and FY 2003, respectively. Finally, since the proprietary funds operate under a full accrual method in accordance with Generally Accepted Accounting Principles, the department must record a liability on the accounting records for compensated absences. The department's compensated absence liability was approximately \$283,000. There must be enough cash available for the department to pay this liability at any given point in time.

Rate Explanation - The department negotiates an annual indirect cost rate with EPA. The approved rate is a fixed rate. This rate is applied against the personal services charged within each division of the department, other than the Central Management Program. This type of rate is the most logical type because it provides the department with an adequate and consistent source of revenue to fund central operations that are utilized by all programs within the department.

The department is requesting an increase in its indirect cost rate from the 23 percent approved in the last legislative session to 24 percent. The proposed increase includes the transfer of 6.50 FTE from other department programs to the Central Management Program in an effort to centralize the information technology function of the department. The remaining increase is to fund 2.00 FTE that were authorized by the 1999 Legislature, but are currently unfunded and remain vacant. In addition, the department has included a request for base adjustments, equipment, and software upgrades.

rate. The rates negotiated with EPA prior to FY 2000 were based on actual expenditure data for the most recent complete fiscal year at the time the indirect proposal was submitted to EPA. Either method used still requires a carry forward amount be built into the rate. This carry forward amount represents the amount the department either under-recovered or over-recovered in a given year. This computation compares what was initially negotiated versus what actually occurred. This difference is then carried forward into the following year's rate.

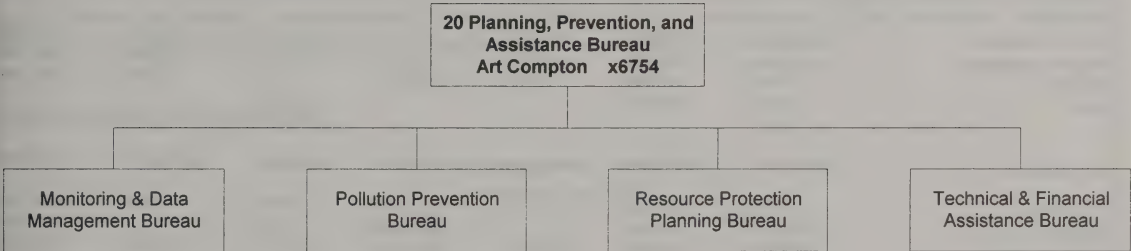
The department's indirect cost rate is determined based on guidelines prescribed by the federal government. In addition, the department complies with 17-3-111, MCA, which requires agencies to negotiate a rate that would recover indirect costs to the fullest extent possible. In order to comply with this law, the department has requested a rate that may vary slightly from the rate the department actually negotiates with EPA. The rate approved by the Legislature is considered a cap and therefore, the department cannot negotiate for a rate higher than what has been approved by the legislature. However, the rate negotiated with EPA may be slightly lower.

Significant Present Law -

The department submitted a present law proposal to transfer 6.50 FTE each year from programs 20, 30, 40, and 50 to program 10. To increase efficiencies and provide centralized management of information technology (IT) activities, the department is moving these activities into the Systems Solution Bureau and Systems Administration Bureau in the Centralized Services Division. The request is not for increased funding, it is just to move positions between programs. This request will, however, increase the department's indirect rate.

The amount being transferred by this proposal is \$301,066 and \$285,916 for FY 2002 and FY 2003, respectively. This includes personal service costs, as well as necessary operating costs associated with these positions. These costs represent 2 percent of the total indirect cost rate of 24 percent. There is no effect on the unreserved fund balance.

PLANNING, PREVENTION & ASSISTANCE DIVISION



Program Description - The division 1) monitors air and water quality conditions and trends, and assesses sources and severity of pollution problems; 2) works in the areas of air quality, water quality, land conservation, and energy efficiency to find ways to prevent pollution before it occurs; 3) provides planning for energy, watershed, airshed, and solid and hazardous waste management; 4) helps develop water Total Maximum Daily Loads; 5) coordinates department positions on environmental legislation, proposes rules and policy, and develops environmental protection criteria; 6) provides economic modeling and analysis; 7) finances energy retrofits of public buildings, as well as construction and improvement of community drinking water and wastewater systems; and 8) provides technical assistance, education and outreach regarding energy efficiency, occupational health, indoor air quality and radon. The division consists of four bureaus: Monitoring and Data Management, Pollution Prevention, Resource Protection Planning, and Technical and Financial Assistance.

Program Indicators -

| Indicator | Actual FY 1998 | Actual FY 1999 | Actual FY 2000 | Estimated FY 2001 | Estimated FY 2002 | Estimated FY 2003 |
|--|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| Wastewater/Drinking Water technical assistance efforts completed | 8 | 36 | 69 | 75 | 75 | 75 |
| Source Water Protection projects completed | 6 | 25 | 25 | 531 | 650 | 642 |
| Small Business Assistance efforts completed | 1067 | 1150 | 734 | 1100 | 1400 | 1400 |
| Air Quality State Implementation Plans and major projects completed | 9 | 12 | 12 | 11 | 10 | 8 |
| Airsheds and watersheds monitored and assessed for compliance | 500 | 700 | 700 | 500 | 600 | 700 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 90.54 | 4.00 | 11.00 | 105.54 | 4.00 | 11.00 | 105.54 |
| Personal Services | 3,418,419 | 569,569 | 363,560 | 4,351,548 | 591,211 | 355,162 | 4,364,792 |
| Operating Expenses | 3,670,135 | 2,215,955 | 2,405,149 | 8,291,239 | 1,784,661 | 2,387,936 | 7,842,732 |
| Equipment | 65,085 | 100,000 | 40,000 | 205,085 | 0 | 40,000 | 105,085 |
| Grants | 39,507 | (39,507) | 0 | 0 | (39,507) | 0 | 0 |
| Total Costs | \$7,193,146 | \$2,846,017 | \$2,808,709 | \$12,847,872 | \$2,336,365 | \$2,783,098 | \$12,312,609 |
| General Fund | 1,747,869 | 590,169 | 171,502 | 2,509,540 | 581,926 | 171,200 | 2,500,995 |
| State/Other Special | 911,584 | 162,241 | 0 | 1,073,825 | 157,264 | 0 | 1,068,848 |
| Federal Special | 4,533,693 | 2,093,607 | 2,637,207 | 9,264,507 | 1,597,175 | 2,611,898 | 8,742,766 |
| Total Funds | \$7,193,146 | \$2,846,017 | \$2,808,709 | \$12,847,872 | \$2,336,365 | \$2,783,098 | \$12,312,609 |

Significant Present Law Adjustments -

- Budget \$1 million and 6.00 FTE to accelerate development of TMDLs to meet the statutory deadline of 2007
- Establish funding for the increased operating costs in the Resource Protection Planning Bureau
- Adjust funding for the Pollution Prevention Bureau operating costs and contracted services
- Restore funding for the Technical and Financial Assistance Bureau operating costs
- Restore funding for the Monitoring and Data Management Bureau increased operating costs
- Transfer 2.00 FTE and funding to Central Management Program due to centralizing IT activities
- Establish a one-time-only/biennial EPA grant appropriation to integrate environmental information through IT activities
- Provide federal funding for technical assistance and administration of the source water program from the drinking water state revolving fund

New Proposals -

- Add 2.00 FTE and federal funds for TMDL data quality assurance support and quality control for water quality monitoring activities
- Establish 1.00 FTE and federal funding to identify projects in the state transportation improvement program that may cause significant adverse impacts on water quality or projects that may correct historical damage caused by transportation projects
- Add 1.00 FTE and \$3.9 million federal funds for the supplemental federal nonpoint source grant which provides financial and technical assistance to conservation districts and watershed groups
- Include federal funding for competitive grant applications to the U.S. Department of Energy for specific activities, technologies, or audiences
- Establish 1.00 FTE and federal funding for Montana's portion of the national water quality monitoring federal grants program
- Establish 2.00 FTE and federal funds for technical assistance to air quality monitoring programs of certain tribes
- Increase funding for the Montana State Library Natural Resource Information System
- Shift from federal funds to general fund for waste water technical assistance
- Provide a funding shift from federal funds to general fund for waste water technical assistance
- Create federal funding and 3.00 FTE for air pollution monitoring of fine particulates
- Create 1.00 FTE and establish federal funding for wetland grants manager requested by EPA

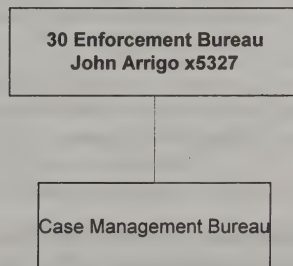
Language Recommendations - The following HB 2 language is recommended:

"Item 2a includes a restricted federal special revenue appropriation of \$250,784 in fiscal year 2002 and \$249,099 in fiscal year 2003 for the fine particulate monitoring program."

"Item 2b contains a biennial/one-time-only federal special revenue appropriation of \$450,000 for the one stop grant."

"The department is authorized to spend up to \$100,000 from the SRF special administration account in the pollution control and/or the drinking water revolving fund loan program. The department is to use funds from the special administration account for the second round (repaid) loans, if the funds become available."

ENFORCEMENT DIVISION



Program Description - The Enforcement Division is the central control for the enforcement of the statutes and regulations administered by the department. The division develops department enforcement policies and procedures for approval by the director and ensures they are implemented in a consistent manner across the department. A citizen complaint clearinghouse and information tracking system is maintained by the division. The division coordinates the legal and technical aspects of enforcement cases, both administrative and judicial, and monitors violators to determine compliance with department orders.

**DEPT. OF ENVIRONMENTAL QUALITY
ENFORCEMENT DIVISION**

**5301
30**

Program Indicators -

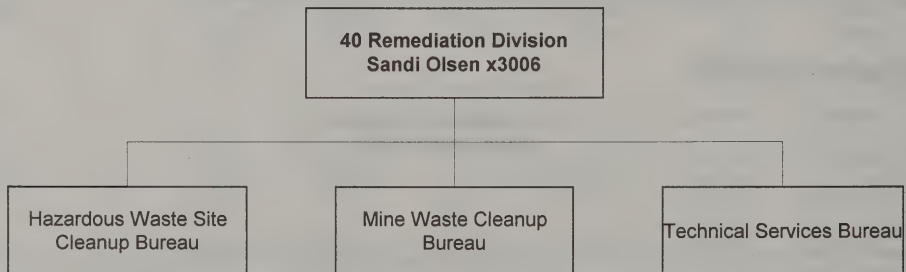
| Indicator | Actual FY 1998 | Actual FY 1999 | Actual FY 2000 | Estimated FY 2001 | Estimated FY 2002 | Estimated FY 2003 |
|-------------------|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| Enforcement Cases | 151 | 250 | 262 | 275 | 300 | 325 |
| Complaints | 1,093 | 1,134 | 949 | 1,050 | 1,060 | 1,070 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 17.25 | (0.50) | 0.00 | 16.75 | (0.50) | 0.00 | 16.75 |
| Personal Services | 697,088 | 15,807 | 0 | 712,895 | 18,939 | 0 | 716,027 |
| Operating Expenses | 331,235 | 59,184 | 0 | 390,419 | 47,283 | 0 | 378,518 |
| Total Costs | \$1,028,323 | \$74,991 | \$0 | \$1,103,314 | \$66,222 | \$0 | \$1,094,545 |
| General Fund | 501,560 | 42,509 | 0 | 544,069 | 30,580 | 0 | 532,140 |
| State/Other Special | 170,063 | 11,319 | 0 | 181,382 | 12,352 | 0 | 182,415 |
| Federal Special | 356,700 | 21,163 | 0 | 377,863 | 23,290 | 0 | 379,990 |
| Total Funds | \$1,028,323 | \$74,991 | \$0 | \$1,103,314 | \$66,222 | \$0 | \$1,094,545 |

Significant Present Law Adjustments -

- Transfer 1.00 FTE and funding due to a reorganization of IT positions
- Establish 0.50 FTE and funding for enforcement cases through a transfer

REMEDIATION DIVISION



Program Description - The Remediation Division is responsible for: 1) overseeing investigation and cleanup activities at state and federal superfund sites; 2) reclaiming abandoned mine lands; 3) regulating, permitting, and licensing underground storage tanks (UST); 4) implementing corrective actions at sites with leaking UST; 5) providing staff support for processing eligibility applications and claims submitted to the Petroleum Tank Release Compensation Board for cleanup funds; and 6) overseeing groundwater remediation at sites where agricultural and industrial chemical spills have caused groundwater contamination. The purposes of these activities are: 1) to protect human health and the environment; 2) prevent exposure of potential human and ecological receptors to hazardous or deleterious substances that have been released to soil, sediment, surface water, or groundwater; and 3) ensure compliance with applicable state and federal regulations. The division is comprised of three bureaus: Hazardous Waste Site Cleanup Bureau, Mine Waste Cleanup Bureau, Technical Services Bureau, and the Fiscal and Administrative Services Section. The division works closely with the Petroleum Tank Release Compensation Board, which provides financial assistance for cleanup of petroleum contaminated leaking UST sites. The Petroleum Tank Release Compensation Board is attached to the Department of Environmental Quality for administrative purposes.

Program Indicators -

| Indicator | Actual FY 1998 | Actual FY 1999 | Actual FY 2000 | Estimated FY 2001 | Estimated FY 2002 | Estimated FY 2003 |
|---------------------------------------|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| Permits Issued | 820 | 867 | 422 | 320 | 320 | 320 |
| Active Sites | 4,055 | 4,333 | 4,489 | 4,406 | 4,311 | 4,243 |
| Sited Cleanups Completed Each Year | 252 | 202 | 93 | 174 | 174 | 175 |
| Cost Using State – Managed Funds | 8,557,298 | 9,130,538 | 9,843,280 | 7,995,000 | 7,995,000 | 7,995,000 |

| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 79.75 | 4.00 | 0.00 | 83.75 | 4.00 | 0.00 | 83.75 |
| Personal Services | 2,589,257 | 677,783 | 0 | 3,267,040 | 697,636 | 0 | 3,286,893 |
| Operating Expenses | 6,789,887 | 1,265,880 | 472,610 | 8,528,377 | 895,451 | 397,610 | 8,082,948 |
| Equipment | 0 | 30,000 | 0 | 30,000 | 0 | 0 | 0 |
| Grants | 5,894 | 0 | 0 | 5,894 | 0 | 0 | 5,894 |
| Benefits & Claims | 0 | 3,500,000 | 0 | 3,500,000 | 0 | 0 | 0 |
| Total Costs | \$9,385,038 | \$5,473,663 | \$472,610 | \$15,331,311 | \$1,593,087 | \$397,610 | \$11,375,735 |
| State/Other Special | 2,659,229 | 4,417,143 | 158,978 | 7,235,350 | 621,492 | 83,978 | 3,364,699 |
| Federal Special | 6,725,809 | 1,056,520 | 313,632 | 8,095,961 | 971,595 | 313,632 | 8,011,036 |
| Total Funds | \$9,385,038 | \$5,473,663 | \$472,610 | \$15,331,311 | \$1,593,087 | \$397,610 | \$11,375,735 |

Significant Present Law Adjustments -

- Transfer 2.00 FTE and funding for information technology activities
- Add 1.00 FTE for the LUST program and move funds from operating contract to personal services
- Create a \$1 million biennial federal special revenue appropriation for cleanup sites
- Establish 2.00 FTE and RIT funds for Comprehensive Environmental Cleanup Responsibility Act work
- Establish funding for a one-time-only biennial, restricted appropriation for CECRA site contracts
- Provide 1.00 FTE in Kalispell and 1.00 FTE in Billings to manage petro release corrective action
- Create a \$3.5 million biennial appropriation for potential orphan share reimbursements

New Proposals -

- Fund proportionate share of the Montana State Library Natural Resource Information System
- Allow petroleum tank funding for a statewide survey of above-ground storage tanks
- Create a one-time-only biennial appropriation to study liabilities of the petro board fund
- Establish a restricted appropriation for database development
- Provide a \$600,000 biennial/one-time-only appropriation for LUST trust contracted services

Language Recommendations - The following HB 2 language is recommended:

"Item 4a is a biennial appropriation for abandoned mine reclamation."

"Item 4b is a biennial/one-time-only restricted appropriation for leaking underground storage tank trust contracted services."

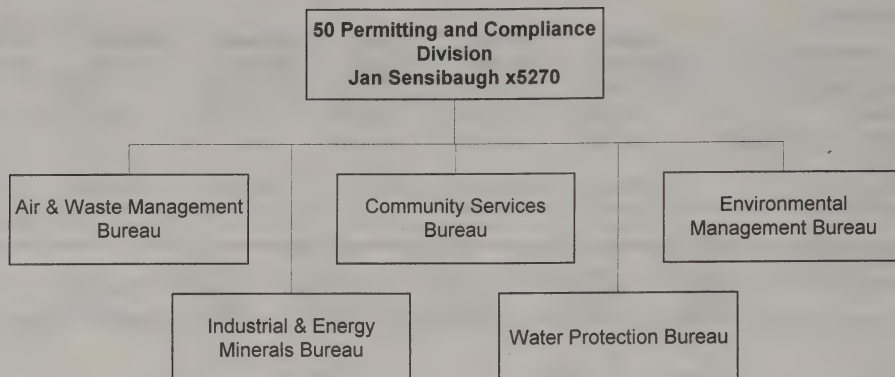
"Item 4c is a biennial appropriation for leaking underground storage tank trust program."

"Item 4d contains a biennial/one-time-only appropriation of \$75,000 for the petro board fund liabilities study."

"Item 4e includes a biennial/one-time-only appropriation of \$150,000 for contracted services for legal support."

"Item 4f is a biennial appropriation for cleanup sites/Lockwood solvent."

"There is appropriated amount up to \$3,500,000 state special revenue for orphan share reimbursements during the 2003 biennium."



Program Description - The Permitting and Compliance Division administers all DEQ permitting and compliance activities that relate to 25 state regulatory and five related federal authorities. The division: 1) reviews and assesses environmental permit applications (coordinating with other state, local, and federal agencies) to determine control measures needed to ensure compliance with the law and to prevent land, water, and air conditions detrimental to public health welfare, safety and the environment; 2) prepares supporting environmental documents under the Montana Environmental Policy Act and provides training and technical assistance when needed; 3) inspects to determine compliance with permit conditions, laws and rules; and 4) when compliance problems are discovered, provides assistance to resolve the facility's compliance issues, in close coordination with Enforcement Division. Activities are organized in the Air & Waste Management Bureau (air, asbestos, hazardous waste); Community Services Bureau (solid waste, junk vehicles, public water supply, waste water operators); Environmental Management Bureau (hard rock, facility siting); Industrial and Energy Minerals Bureau (coal, uranium, opencut); and Water Protection Bureau (subdivisions, water).

Program Indicators -

| Indicator | Actual FY 1998 | Actual FY 1999 | Actual FY 2000 | Estimated FY 2001 | Estimated FY 2002 | Estimated FY 2003 |
|---------------------------|-------------------|-------------------|-------------------|----------------------|----------------------|----------------------|
| Permits | 4,359 | 4,416 | 4,152 | 4,380 | 4,374 | 4,489 |
| Inspections | 3,075 | 2,875 | 2,599 | 3,658 | 3,353 | 3,363 |
| Environmental Assessments | 1,711 | 1,755 | 1,591 | 1,721 | 1,727 | 1,742 |
| Bond Releases | 272 | 297 | 248 | 314 | 290 | 291 |
| Violations | 3,069 | 3,024 | 2,922 | 2,992 | 2,979 | 2,972 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 161.70 | 3.00 | 2.00 | 166.70 | 3.00 | 2.00 | 166.70 |
| Personal Services | 5,960,767 | 799,017 | 69,727 | 6,829,511 | 841,205 | 70,877 | 6,872,849 |
| Operating Expenses | 13,139,037 | 24,714,484 | 415,524 | 38,269,045 | (7,574,625) | 424,005 | 5,988,417 |
| Equipment | 27,975 | 132,500 | 8,990 | 169,465 | 25,516 | 0 | 53,491 |
| Grants | 1,040,412 | 236,289 | 0 | 1,276,701 | 283,065 | 0 | 1,323,477 |
| Total Costs | \$20,168,191 | \$25,882,290 | \$494,241 | \$46,544,722 | (\$6,424,839) | \$494,882 | \$14,238,234 |
| General Fund | 1,002,906 | 465,808 | 11,175 | 1,479,889 | 332,859 | 11,175 | 1,346,940 |
| State/Other Special | 16,116,988 | 24,610,541 | 84,165 | 40,811,694 | (7,537,395) | 73,175 | 8,652,768 |
| Federal Special | 3,048,297 | 805,941 | 398,901 | 4,253,139 | 779,697 | 410,532 | 4,238,526 |
| Total Funds | \$20,168,191 | \$25,882,290 | \$494,241 | \$46,544,722 | (\$6,424,839) | \$494,882 | \$14,238,234 |

Significant Present Law Adjustments -

- Adjust hardrock operating and respond to increased reclamation and water treatment plans
- Replace equipment and increase water sampling required under the Major Facility Siting Act
- Restore the same level of funding for coal and uranium operating costs
- Include increased operating costs in the subdivision program and grants to counties
- Transfer 1.50 FTE and funding to the Central Management Program for IT activities
- Create 2.00 FTE through an operational plan change within the Public Water Supply Program
- Transfer 0.50 FTE and funding to the Enforcement Program due to legal staff changes
- Provide general fund authority for the solid waste database conversion
- Increase state funding for contracted services for asbestos compliance
- Provide funding and 1.00 FTE for a 401 certification permit writer
- Establish a restricted biennial appropriation for bond forfeitures
- Include a restricted biennial appropriation for MEPA projects
- Continue federal funds for hardrock grant proposals with \$500,000 per year
- Increase state funding for grants to counties through the Junk Vehicle Program
- Create 1.00 FTE for administrative support to deal with backlog in the water permits section
- Establish a biennial appropriation for mining fines, fees, and penalties
- Maintain junk vehicle funding for increased abandoned vehicles activities
- Provide federal funds for two public water safety section lease vehicles in Billings

New Proposals -

- Establish 1.00 FTE and funding for a storm water phase II permit writer
- Fully fund the proportionate share of the Natural Resource Information System
- Maintain funding for hardrock equipment
- Establish federal funds and 1.00 FTE for drinking water operator training reimbursement

Language Recommendations - The following HB 2 language is recommended:

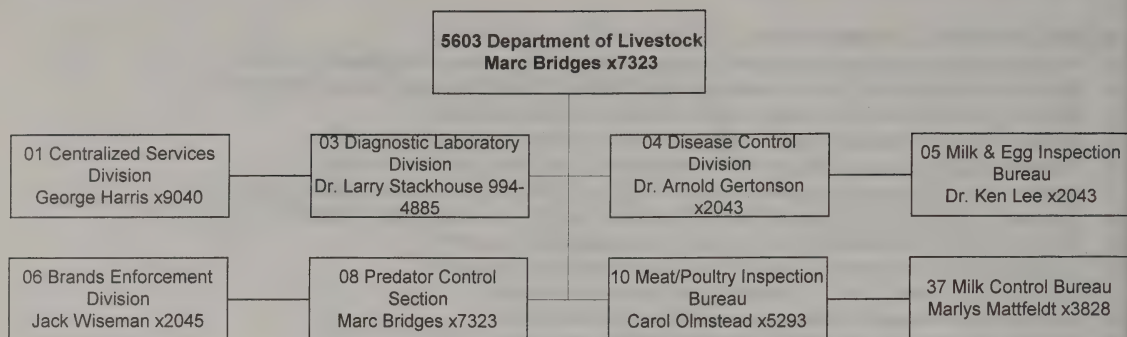
"Item 5a includes a biennial/restricted appropriation for bond forfeitures is \$32,000,000."

"Item 5b contains a biennial/restricted appropriation of \$300,000 for major facility siting act projects."

"Item 5c includes a biennial/restricted appropriation of \$1,000,000 for Montana environmental policy act projects."

"Item 5d contains a biennial appropriation of \$150,000 for hazardous waste contracted services."

"Item 5e contains a biennial appropriation of \$150,000 for fines, fees, and penalties."



Mission Statement - To control and eradicate animal diseases, prevent the transmission of animal diseases to humans, and protect the livestock industry from theft and predatory animals.

Statutory Authority - Title 81, MCA

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 134.71 | 2.32 | 1.75 | 138.78 | 2.32 | 0.00 | 137.03 |
| Personal Services | 4,847,510 | 291,656 | 43,154 | 5,182,320 | 322,203 | 0 | 5,169,713 |
| Operating Expenses | 2,023,279 | 795,470 | 208,255 | 3,027,004 | 711,645 | 221,788 | 2,956,712 |
| Equipment | 345,954 | 91,887 | 10,000 | 447,841 | 66,337 | 10,000 | 422,291 |
| Benefits & Claims | 4,150 | 0 | 0 | 4,150 | 0 | 0 | 4,150 |
| Total Costs | \$7,220,893 | \$1,179,013 | \$261,409 | \$8,661,315 | \$1,100,185 | \$231,788 | \$8,552,866 |
| General Fund | 532,277 | 61,925 | 62,380 | 656,582 | 66,908 | 62,380 | 661,565 |
| State/Other Special | 6,241,457 | 276,846 | 223,513 | 6,741,816 | 225,550 | 178,262 | 6,645,269 |
| Federal Special | 447,159 | 840,242 | (24,484) | 1,262,917 | 807,727 | (8,854) | 1,246,032 |
| Total Funds | \$7,220,893 | \$1,179,013 | \$261,409 | \$8,661,315 | \$1,100,185 | \$231,788 | \$8,552,866 |

CENTRALIZED SERVICES PROGRAM

**01 Centralized Services
Division
George Harris x9040**

Program Description - The Centralized Services Division is responsible for budgeting, accounting, payroll, personnel, legal services, purchasing, administrative, data processing, and general services functions for the department. The division also provides the overall management of the Milk Control Bureau. The Livestock Crimestoppers' Commission and the Beef Research and Marketing Committee are administratively attached. The staff attorney in this division provides agency legal services to the department.

**DEPARTMENT OF LIVESTOCK
CENTRALIZED SERVICES PROGRAM**

**5603
01**

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 13.00 | 2.00 | 0.00 | 15.00 | 2.00 | 0.00 | 15.00 |
| Personal Services | 521,497 | 98,001 | 0 | 619,498 | 103,276 | 0 | 624,773 |
| Operating Expenses | 355,838 | 213,663 | (2,138) | 567,363 | 111,087 | (1,735) | 465,190 |
| Equipment | 96,723 | 41,649 | 0 | 138,372 | (1,451) | 0 | 95,272 |
| Total Costs | \$974,058 | \$353,313 | (\$2,138) | \$1,325,233 | \$212,912 | (\$1,735) | \$1,185,235 |
| General Fund | 2,217 | 0 | 62,380 | 64,597 | 0 | 62,380 | 64,597 |
| State/Other Special | 923,040 | 206,081 | 36 | 1,129,157 | 109,477 | 439 | 1,032,956 |
| Federal Special | 48,801 | 147,232 | (64,554) | 131,479 | 103,435 | (64,554) | 87,682 |
| Total Funds | \$974,058 | \$353,313 | (\$2,138) | \$1,325,233 | \$212,912 | (\$1,735) | \$1,185,235 |

Significant Present Law Adjustments -

- Upgrade the Diagnostic Laboratory IT management system to meet accreditation levels
- Allow 1.00 FTE and funding though program transfers to accurately record costs for administrative support

New Proposals -

- Increase funding to retain more office space
- Restore general fund authority for federal indirect costs.
- Reduce funding for travel costs associated with the diagnostic lab position

DIAGNOSTIC LABORATORY PROGRAM

**03 Diagnostic Laboratory
Division
Dr. Larry Stackhouse 994-4885**

Program Description - The Diagnostic Laboratory Program provides livestock laboratory diagnostic support for the Disease Control Program, Milk and Egg Program, and livestock producers. Testing is done for zoonotic diseases and on dairy products to protect the health of Montana citizens. Laboratory testing services are conducted upon request to assist animal owners, veterinarians, the Department of Fish, Wildlife and Parks and other agencies in protecting the health of animals and wildlife.

**DEPARTMENT OF LIVESTOCK
DIAGNOSTIC LABORATORY PROGRAM**

**5603
03**

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 21.00 | 0.00 | 0.00 | 21.00 | 0.00 | 0.00 | 21.00 |
| Personal Services | 858,177 | 7,302 | 0 | 865,479 | 11,739 | 0 | 869,916 |
| Operating Expenses | 445,809 | 64,501 | 0 | 510,310 | 66,322 | 0 | 512,131 |
| Equipment | 28,992 | 3,008 | 0 | 32,000 | 21,008 | 0 | 50,000 |
| Total Costs | \$1,332,978 | \$74,811 | \$0 | \$1,407,789 | \$99,069 | \$0 | \$1,432,047 |
| General Fund | 192,442 | 0 | 0 | 192,442 | 0 | 0 | 192,442 |
| State/Other Special | 1,140,536 | 63,611 | 0 | 1,204,147 | 81,569 | 0 | 1,222,105 |
| Federal Special | 0 | 11,200 | 0 | 11,200 | 17,500 | 0 | 17,500 |
| Total Funds | \$1,332,978 | \$74,811 | \$0 | \$1,407,789 | \$99,069 | \$0 | \$1,432,047 |

Significant Present Law Adjustments -

- Establish state special and federal funding for replacement equipment at the lab
- Adjust funding for the increase in demand of services in the laboratory
- Maintain funding for MSU recharges and operating costs

ANIMAL HEALTH DIVISION

**04 Animal Health Division
Dr. Arnold Gertonson
x2043**

Program Description - The Animal Health Program provides diagnosis, prevention, control, and eradication of animal diseases, including those in bison and game farm animals. The program cooperates with the Departments of Public Health and Human Services, Fish, Wildlife and Parks, and Agriculture to protect human health from animal diseases transmissible to humans. Sanitary standards are supervised for animal concentration points, such as auction markets, and certain animal product processing facilities, such as rendering plants. The Rabies Control Unit protects human health from rabies by controlling the transmission of domestic animal and wildlife rabies, particularly through eradication of skunks.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 12.50 | 0.82 | 0.00 | 13.32 | 0.82 | 0.00 | 13.32 |
| Personal Services | 439,116 | 106,481 | 0 | 545,597 | 109,600 | 0 | 548,716 |
| Operating Expenses | 151,785 | 557,670 | 207,893 | 917,348 | 557,723 | 223,523 | 933,031 |
| Equipment | 51,176 | 27,839 | 10,000 | 89,015 | 54,761 | 10,000 | 115,937 |
| Benefits & Claims | 4,150 | 0 | 0 | 4,150 | 0 | 0 | 4,150 |
| Total Costs | \$646,227 | \$691,990 | \$217,893 | \$1,556,110 | \$722,084 | \$233,523 | \$1,601,834 |
| State/Other Special | 646,227 | 38,140 | 177,823 | 862,190 | 68,234 | 177,823 | 892,284 |
| Federal Special | 0 | 653,850 | 40,070 | 693,920 | 653,850 | 55,700 | 709,550 |
| Total Funds | \$646,227 | \$691,990 | \$217,893 | \$1,556,110 | \$722,084 | \$233,523 | \$1,601,834 |

0

Significant Present Law Adjustments -

- Provide \$653,850 federal funds and 1.32 FTE per year for brucellosis prevention from bison
- Transfer 0.50 FTE and funds to central services for the administrative secretary position

New Proposals -

- Restore state funding for the outbreak of any disease that requires management and control
- Create federal funding for the Greater Yellowstone Interagency Brucellosis Committee

MILK & EGG PROGRAM

**05 Milk & Egg Inspection
Bureau
Dr. Ken Lee x2043**

Program Description - The Milk and Egg Program ensures that eggs, milk, and milk products sold or manufactured in Montana are fit for human consumption. Enforcement of state and federal laws is accomplished through licensing, sampling, laboratory testing, and product and site inspections, done in cooperation with other state and federal agencies.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 4.50 | 0.00 | 0.00 | 4.50 | 0.00 | 0.00 | 4.50 |
| Personal Services | 203,047 | 6,662 | 0 | 209,709 | 8,061 | 0 | 211,108 |
| Operating Expenses | 29,782 | 3,175 | 0 | 32,957 | 6,427 | 0 | 36,209 |
| Equipment | 29,671 | (2,749) | 0 | 26,922 | (2,749) | 0 | 26,922 |
| Total Costs | \$262,500 | \$7,088 | \$0 | \$269,588 | \$11,739 | \$0 | \$274,239 |
| State/Other Special | 241,831 | 2,757 | 0 | 244,588 | 7,408 | 0 | 249,239 |
| Federal Special | 20,669 | 4,331 | 0 | 25,000 | 4,331 | 0 | 25,000 |
| Total Funds | \$262,500 | \$7,088 | \$0 | \$269,588 | \$11,739 | \$0 | \$274,239 |

**DEPARTMENT OF LIVESTOCK
INSPECTION & CONTROL PROGRAM**

**5603
06**

06 Brands Enforcement Division
Jack Wiseman x2045

Program Description - The Inspection and Control Program, as part of the Brands Enforcement Division, is responsible for livestock theft investigations, stray livestock investigations, brand inspections, recording of livestock brands, filing of security interests on livestock, livestock auction licensing, livestock dealer licensing, hide inspections, and beef inspections.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 62.21 | (0.50) | 1.75 | 63.46 | (0.50) | 0.00 | 61.71 |
| Personal Services | 2,176,166 | (390) | 43,154 | 2,218,930 | 12,440 | 0 | 2,188,606 |
| Operating Expenses | 302,420 | (2,672) | 2,500 | 302,248 | (2,471) | 0 | 299,949 |
| Equipment | 139,392 | 22,140 | 0 | 161,532 | (5,232) | 0 | 134,160 |
| Total Costs | \$2,617,978 | \$19,078 | \$45,654 | \$2,682,710 | \$4,737 | \$0 | \$2,622,715 |
| State/Other Special | 2,617,978 | 19,078 | 45,654 | 2,682,710 | 4,737 | 0 | 2,622,715 |
| Total Funds | \$2,617,978 | \$19,078 | \$45,654 | \$2,682,710 | \$4,737 | \$0 | \$2,622,715 |

Significant Present Law Adjustments -

- Transfer out 0.50 FTE and funding to accurately reflect costs of the administrative secretary position
- Restore zero-based funding to the same level for overtime

New Proposals -

- Create 1.75 FTE and funding for the re-recording of brands that occurs every ten years

PREDATOR CONTROL

08 Predator Control
Marc Bridges x7323

Program Description - The Predator Control Program is administered by the Board of Livestock and the executive officer. The department owns two aircraft and contracts with the U.S. Department of Agriculture Wildlife Services. Through helicopter hunting and contracts, predators that kill or injure domestic livestock, primarily coyotes, are controlled.

**DEPARTMENT OF LIVESTOCK
PREDATOR CONTROL**

**5603
08**

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 1.00 | 0.00 | 0.00 | 1.00 | 0.00 | 0.00 | 1.00 |
| Personal Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 511,471 | (76,236) | 0 | 435,235 | (68,753) | 0 | 442,718 |
| Total Costs | \$511,471 | (\$76,236) | \$0 | \$435,235 | (\$68,753) | \$0 | \$442,718 |
| State/Other Special | 511,471 | (76,236) | 0 | 435,235 | (68,753) | 0 | 442,718 |
| Total Funds | \$511,471 | (\$76,236) | \$0 | \$435,235 | (\$68,753) | \$0 | \$442,718 |

Significant Present Law Adjustments -

- Fish, Wildlife & Parks is managing its own predator control, so contract funding is reduced

MEAT/POULTRY INSPECTION

**10 Meat/Poultry Inspection
Bureau
Carol Olmstead x5293**

Program Description - The Meat and Poultry Inspection Program within the Meat, Milk and Egg Inspection Division was established in 1987 by the Montana Meat and Poultry Inspection Act. It implements and enforces a meat and poultry inspection system equal to that maintained by the U.S. Department of Agriculture and the Food Safety Inspection Service to assure clean, wholesome, and properly-labeled meat and poultry products for consumers.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 16.50 | 0.00 | 0.00 | 16.50 | 0.00 | 0.00 | 16.50 |
| Personal Services | 526,909 | 45,177 | 0 | 572,086 | 48,347 | 0 | 575,256 |
| Operating Expenses | 190,170 | 40,377 | 0 | 230,547 | 47,172 | 0 | 237,342 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$717,079 | \$85,554 | \$0 | \$802,633 | \$95,519 | \$0 | \$812,598 |
| General Fund | 337,618 | 61,925 | 0 | 399,543 | 66,908 | 0 | 404,526 |
| State/Other Special | 1,772 | 0 | 0 | 1,772 | 0 | 0 | 1,772 |
| Federal Special | 377,689 | 23,629 | 0 | 401,318 | 28,611 | 0 | 406,300 |
| Total Funds | \$717,079 | \$85,554 | \$0 | \$802,633 | \$95,519 | \$0 | \$812,598 |

Significant Present Law Adjustments -

- Adjust for vacancies in the base year
- Charge fixed costs and administrative overhead to this program

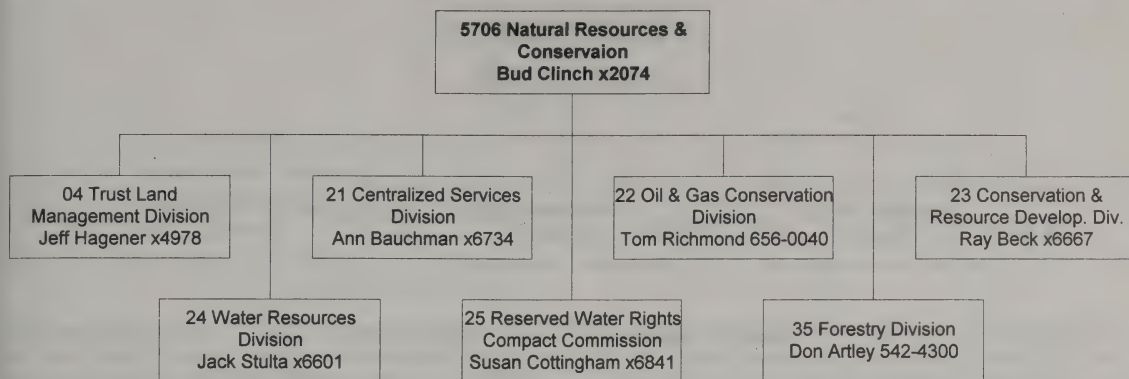
37 Milk Control Bureau
Mariys Mattfeldt x3828

Program Description - The Milk Control Bureau regulates and controls the transfer of milk among producers and plants by enforcing Montana milk control laws and rules. The program ensures compliance with state laws through minimum producer pricing, and by enforcing state law and rules established by the Board of Milk Control which is administratively attached to the Department of Livestock. The staff of the Milk Control Bureau are employees of the Department of Livestock. The Milk Control Bureau also collects the milk tax used to support milk regulatory and testing functions in the department.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 4.00 | 0.00 | 0.00 | 4.00 | 0.00 | 0.00 | 4.00 |
| Personal Services | 122,598 | 28,423 | 0 | 151,021 | 28,740 | 0 | 151,338 |
| Operating Expenses | 36,004 | (5,008) | 0 | 30,996 | (5,862) | 0 | 30,142 |
| Total Costs | \$158,602 | \$23,415 | \$0 | \$182,017 | \$22,878 | \$0 | \$181,480 |
| State/Other Special | 158,602 | 23,415 | 0 | 182,017 | 22,878 | 0 | 181,480 |
| Total Funds | \$158,602 | \$23,415 | \$0 | \$182,017 | \$22,878 | \$0 | \$181,480 |

Significant Present Law Adjustments -

- Adjust for vacancy in the base year



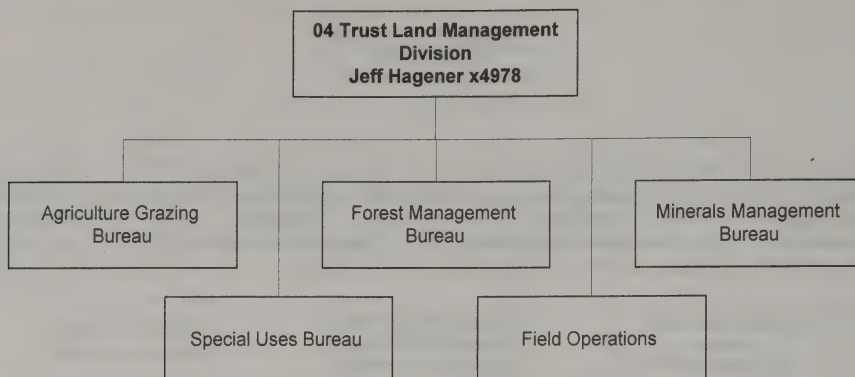
Mission Statement - To ensure Montana's land and water resources provide benefits for present and future generations.

Statutory Authority - 2-15-104 and Title 2, Chapter 15, part 33, MCA.

Executive Budget Recommendation –

- Continue the Agricultural Heritage Program created by SB 342 in the 1999 Legislative Session to develop and purchase agricultural conservation easements
- Pass through funds to the Dry Prairie Rural Water Authority for the Fort Peck Dry Prairie Rural Water System project
- Provide funds to the Eastern Plains RC&D for community projects in sixteen eastern Montana counties
- Fund grants to local organizations for planning new irrigation developments
- Pass through funds for the continued administration of the Rocky Boy North Central Regional Water System project
- Decrease backlog of verifications of permitted water projects
- Expand dam safety improvement program with additional available federal funds
- Maintain forest health monitoring program to control and prevent pathologic outbreaks in Montana's forests.
- Support forest rehabilitation including erosion control, road maintenance, and tree regeneration in the Sula State Forest
- Supply infrastructure and development for several commercial leasing projects

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 500.28 | 2.09 | 4.25 | 506.62 | 2.09 | 4.25 | 506.62 |
| Personal Services | 18,454,168 | 1,651,547 | 160,567 | 20,266,282 | 1,776,672 | 161,255 | 20,392,095 |
| Operating Expenses | 8,161,506 | 5,879,740 | 879,567 | 14,920,996 | 2,022,923 | 648,491 | 10,832,920 |
| Equipment | 754,526 | 72,132 | 0 | 826,658 | 67,132 | 0 | 821,658 |
| Capital Outlay | 847 | 0 | 0 | 847 | 0 | 0 | 847 |
| Local Assistance | 221,000 | 0 | 0 | 221,000 | 0 | 0 | 221,000 |
| Grants | 889,760 | 0 | 2,085,000 | 2,974,760 | 0 | 275,000 | 1,164,760 |
| Benefits & Claims | 1,600,977 | (100,977) | 0 | 1,500,000 | (100,977) | 0 | 1,500,000 |
| Transfers | 355,419 | 33,750 | 0 | 389,169 | 33,750 | 0 | 389,169 |
| Debt Service | 389,765 | 194,402 | 0 | 584,167 | 194,602 | 0 | 584,367 |
| Total Costs | \$30,827,968 | \$7,730,594 | \$3,125,317 | \$41,683,879 | \$3,994,102 | \$1,084,746 | \$35,906,816 |
| General Fund | 16,529,294 | 1,321,810 | 1,572,569 | 19,423,673 | 1,142,736 | 731,960 | 18,403,990 |
| State/Other Special | 12,791,352 | 6,114,687 | 105,000 | 19,011,039 | 2,406,323 | 105,000 | 15,443,175 |
| Federal Special | 1,507,322 | 294,097 | 1,447,748 | 3,249,167 | 304,543 | 247,786 | 2,059,651 |
| Total Funds | \$30,827,968 | \$7,730,594 | \$3,125,317 | \$41,683,879 | \$3,994,102 | \$1,084,746 | \$35,906,816 |



Program Description - The Trust Land Management Division provides for the administration and management of trust lands granted to the State of Montana by the Enabling Act of 1889. These lands currently total 5.2 million surface acres and 6.2 million mineral acres. Additionally, the division is responsible for the administration of approximately 6,000 miles (40,000+ acres) of the beds of navigable waterways. The Trust Land Management Division is divided into four primary programs: forest management; agriculture and grazing management; special use management; and minerals management.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|---------------|---------------|---------------|------------------|------------------|------------------|
| Total Revenues generated (in millions) | \$56.2 | \$54.7 | \$64.8 | \$58.6 | \$58.6 | \$58.6 |
| State Trust Land Acreage (in millions) | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 | 5.1 |

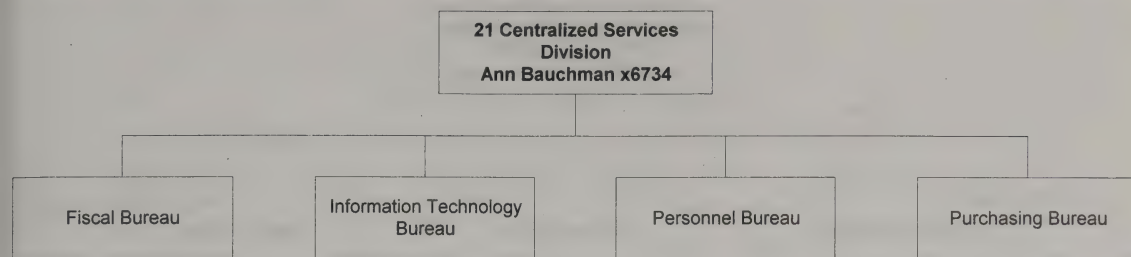
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 123.79 | 0.00 | 1.00 | 124.79 | 0.00 | 1.00 | 124.79 |
| Personal Services | 4,787,492 | 284,686 | 33,290 | 5,105,468 | 315,848 | 33,431 | 5,136,771 |
| Operating Expenses | 2,109,879 | 890,841 | 215,000 | 3,215,720 | 907,542 | 10,000 | 3,027,421 |
| Equipment | 158,516 | 38,632 | 0 | 197,148 | 42,132 | 0 | 200,648 |
| Capital Outlay | 847 | 0 | 0 | 847 | 0 | 0 | 847 |
| Debt Service | 242 | 101,000 | 0 | 101,242 | 101,000 | 0 | 101,242 |
| Total Costs | \$7,056,976 | \$1,315,159 | \$248,290 | \$8,620,425 | \$1,366,522 | \$43,431 | \$8,466,929 |
| General Fund | 4,848 | 0 | 48,290 | 53,138 | 0 | 43,431 | 48,279 |
| State/Other Special | 7,039,715 | 1,315,159 | 0 | 8,354,874 | 1,366,522 | 0 | 8,406,237 |
| Federal Special | 12,413 | 0 | 200,000 | 212,413 | 0 | 0 | 12,413 |
| Total Funds | \$7,056,976 | \$1,315,159 | \$248,290 | \$8,620,425 | \$1,366,522 | \$43,431 | \$8,466,929 |

Significant Present Law Adjustments -

- Begin forest rehabilitation including erosion control, road maintenance, and tree regeneration in the Sula State Forest
- Provide infrastructure and development for several commercial leasing projects
- Replace aging computer equipment throughout the Trust Land Management Division

New Proposals -

- Perform an inventory and provide administration for all state owned non-trust lands
- Facilitate cooperation in support of the development of a Habitat Conservation Plan for Montana



Program Description - The Centralized Services Division provides managerial and administrative support services to the department through: 1) the Director's Office, which includes the director, legal staff, and public information; and 2) support services, which manages all financial activities, coordinates information systems, produces publications and graphic materials, and performs general administrative support services. Support services include fiscal affairs, data processing, personnel, legal, reception, and mail. Responsibilities include trust revenue collection and distribution and maintenance of ownership records for trust and non-trust state-owned land.

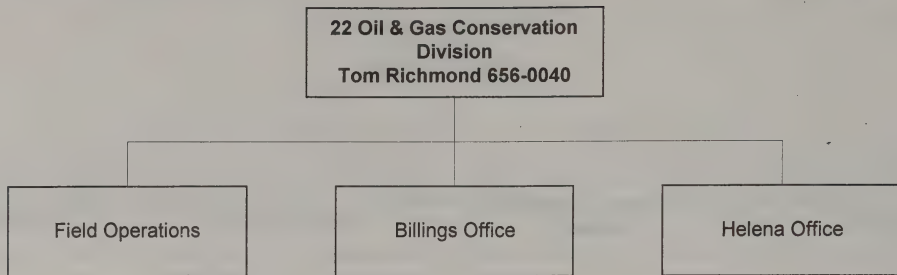
| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 41.00 | 0.00 | 0.00 | 41.00 | 0.00 | 0.00 | 41.00 |
| Personal Services | 1,696,668 | 70,039 | 0 | 1,766,707 | 82,417 | 0 | 1,779,085 |
| Operating Expenses | 449,579 | 50,932 | 74,905 | 575,416 | (21,686) | 49,155 | 477,048 |
| Total Costs | \$2,146,247 | \$120,971 | \$74,905 | \$2,342,123 | \$60,731 | \$49,155 | \$2,256,133 |
| General Fund | 1,865,298 | 123,520 | 74,905 | 2,063,723 | 63,280 | 49,155 | 1,977,733 |
| State/Other Special | 172,437 | 963 | 0 | 173,400 | 963 | 0 | 173,400 |
| Federal Special | 108,512 | (3,512) | 0 | 105,000 | (3,512) | 0 | 105,000 |
| Total Funds | \$2,146,247 | \$120,971 | \$74,905 | \$2,342,123 | \$60,731 | \$49,155 | \$2,256,133 |

New Proposals -

- Replace old, failing, and inadequate network wiring in the DNRC Missoula Forestry Complex
- Supply proportional share of core service support to the NRIS program in the State Library

Language - The following HB 2 language is recommended:

"Item 2 includes a total of \$98,310 for the 2003 biennium for the Montana natural resources information system. Quarterly payments must be made upon receipt of the bills from the state library up to the total amount appropriated."



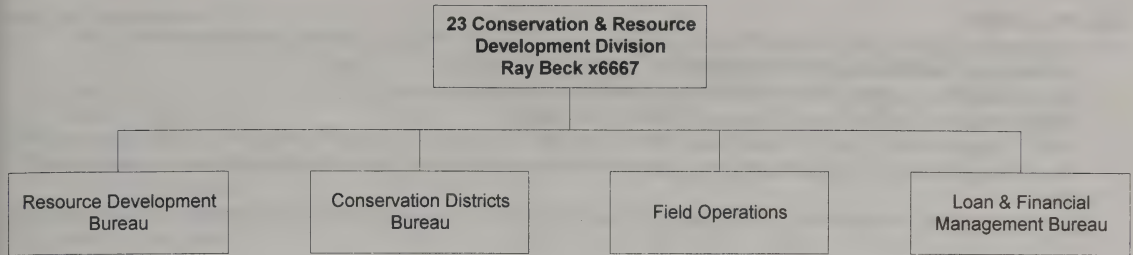
Program Description - The Oil and Gas Conservation Division administers the Montana oil and gas conservation laws to promote conservation and prevent waste in the recovery of these resources through regulation of exploration and production of oil and gas. The division 1) issues drilling permits; 2) classifies wells; 3) establishes well spacing units and pooling orders; 4) inspects drilling, production, and seismic operations; 5) investigates complaints; 6) does engineering studies; 7) determines incremental production for enhanced recovery and horizontal wells to implement the tax incentive program for those projects; 8) operates the underground injection control program; 9) plugs orphan wells; and 10) collects and maintains complete well data and production information.

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Drilling Permits Issued | 551 | 549 | 480 | 550 | 600 | 600 |
| Wells Completed | 310 | 482 | 417 | 475 | 550 | 550 |
| Oil Production (in million Bbls) | 16.61 | 15.27 | 14.8 | 14.2 | 13.78 | 13.37 |
| Gas Production (in million MCF) | 59.8 | 61.6 | 63.4 | 64.5 | 65.7 | 67 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 20.50 | 0.00 | 0.00 | 20.50 | 0.00 | 0.00 | 20.50 |
| Personal Services | 662,507 | 148,820 | 0 | 811,327 | 159,836 | 0 | 822,343 |
| Operating Expenses | 297,451 | 90,386 | 0 | 387,837 | 95,942 | 0 | 393,393 |
| Equipment | 27,678 | 0 | 0 | 27,678 | 0 | 0 | 27,678 |
| Total Costs | \$987,636 | \$239,206 | \$0 | \$1,226,842 | \$255,778 | \$0 | \$1,243,414 |
| State/Other Special | 868,921 | 357,921 | 0 | 1,226,842 | 374,493 | 0 | 1,243,414 |
| Federal Special | 118,715 | (118,715) | 0 | 0 | (118,715) | 0 | 0 |
| Total Funds | \$987,636 | \$239,206 | \$0 | \$1,226,842 | \$255,778 | \$0 | \$1,243,414 |

Language Recommendations - The following language is recommended for HB 2:

"The department is authorized to decrease state special revenue in the underground injection control program and increase federal special revenue by a like amount when the amount of federal EPA funds available for the program becomes known. Any federal special revenue funds are to be spent before state special revenue funds."



Program Description - The Conservation and Resource Development Division is responsible for the administration of the Conservation District Act, State Grazing District Act, and numerous grant and loan programs. The division provides technical and financial assistance to local governments, state agencies, and private citizens for the conservation, development, protection, and management of natural resources throughout the state.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Grants provided to communities (in millions) | \$1.8 | \$2.9 | \$3.5 | \$3.5 | \$3.5 | \$3.5 |
| Loans provided to communities (in millions) | \$89 | \$111 | \$135 | \$150 | \$160 | \$170 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 22.00 | 0.00 | 2.00 | 24.00 | 0.00 | 2.00 | 24.00 |
| Personal Services | 873,768 | 128,310 | 75,358 | 1,077,436 | 133,797 | 75,679 | 1,083,244 |
| Operating Expenses | 614,349 | 245,297 | 316,416 | 1,176,062 | 150,590 | 316,095 | 1,081,034 |
| Equipment | 48,348 | 0 | 0 | 48,348 | 0 | 0 | 48,348 |
| Local Assistance | 221,000 | 0 | 0 | 221,000 | 0 | 0 | 221,000 |
| Grants | 889,760 | 0 | 1,965,000 | 2,854,760 | 0 | 155,000 | 1,044,760 |
| Benefits & Claims | 1,600,977 | (100,977) | 0 | 1,500,000 | (100,977) | 0 | 1,500,000 |
| Total Costs | \$4,248,202 | \$272,630 | \$2,356,774 | \$6,877,606 | \$183,410 | \$546,774 | \$4,978,386 |
| General Fund | 2,871,886 | 40,687 | 1,331,774 | 4,244,347 | (84,456) | 521,774 | 3,309,204 |
| State/Other Special | 1,226,064 | 220,544 | 25,000 | 1,471,608 | 256,467 | 25,000 | 1,507,531 |
| Federal Special | 150,252 | 11,399 | 1,000,000 | 1,161,651 | 11,399 | 0 | 161,651 |
| Total Funds | \$4,248,202 | \$272,630 | \$2,356,774 | \$6,877,606 | \$183,410 | \$546,774 | \$4,978,386 |

Significant Present Law Adjustments -

- Remove interest expense for Crow Tribe settlement from base budget as it is no longer needed
- Contract with NRCS for statewide rangeland management support
- Annualize the expenses of the Montana Grass Conservation Commission

New Proposals -

- Continue the Agricultural Heritage Program created by SB 342 in the 1999 Legislative Session to develop and purchase agricultural conservation easements
- Fund grants to local organizations for planning new irrigation developments
- Support regional water system projects with a state coordinator
- Pass through funds to the Dry Prairie Rural Water Authority for the Fort Peck Dry Prairie Rural Water System project
- Pass through funds for the continued progression of the Rocky Boy North Central Montana Regional Water System project
- Continue special revenue funds to the Eastern Plains RC&D for community projects in 16 Eastern Montana counties

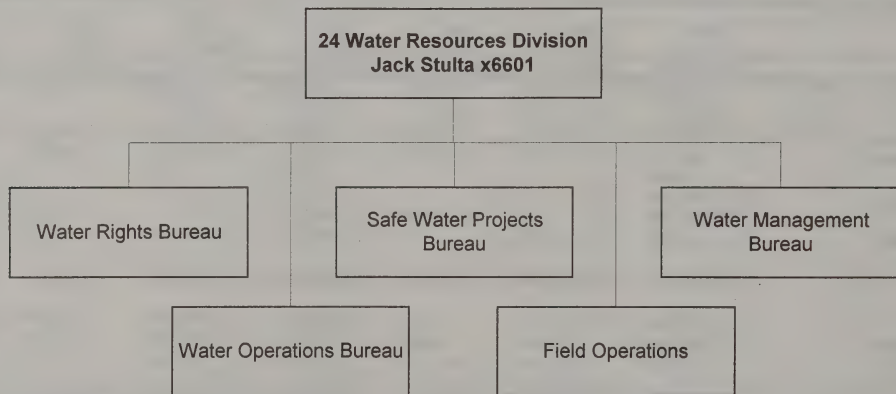
Language Recommendations - The following language is recommended for HB2:

"The department is appropriated up to \$700,000 for the 2003 biennium from the account established in 76-14-112 for rangeland loans during the 2003 biennium."

"The department is appropriated up to \$600,000 for the 2003 biennium from the state special revenue account established in 85-1-604 for the purchase of prior liens on property held as loan security as required by 85-1-618."

"The department is authorized to decrease federal special revenue money in the pollution control and/or the drinking water revolving fund loan programs and increase state special revenue money by a like amount within the special administration account."

WATER RESOURCES DIVISION



Program Description - The Water Resources Division is responsible for many programs associated with the uses, development, and protection of Montana's water. The division also develops and recommends water policy to the director, Governor, and legislature. The division consists of an administration unit and four bureaus: Water Management Bureau, Water Rights Bureau, State Water Projects Bureau, and the Water Operations Bureau.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| State Water Projects Owned & Managed (Dams inspected) High- hazard dam permits issued | 46 | 48 | 51 | 46 | 50 | 45 |
| Water users group assisted | 11 | 17 | 37 | 11 | 11 | 13 |
| | 13 | 14 | 16 | 16 | 16 | 16 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 112.50 | 2.75 | 1.25 | 116.50 | 2.75 | 1.25 | 116.50 |
| Personal Services | 4,575,339 | 284,628 | 51,919 | 4,911,886 | 310,795 | 52,145 | 4,938,279 |
| Operating Expenses | 1,823,738 | 3,852,970 | 185,429 | 5,862,137 | 245,624 | 185,241 | 2,254,603 |
| Equipment | 24,793 | (500) | 0 | 24,293 | (500) | 0 | 24,293 |
| Grants | 0 | 0 | 120,000 | 120,000 | 0 | 120,000 | 120,000 |
| Debt Service | 376,341 | 93,402 | 0 | 469,743 | 93,602 | 0 | 469,943 |
| Total Costs | \$6,800,211 | \$4,230,500 | \$357,348 | \$11,388,059 | \$649,521 | \$357,386 | \$7,807,118 |
| General Fund | 5,693,470 | 295,025 | 117,600 | 6,106,095 | 364,902 | 117,600 | 6,175,972 |
| State/Other Special | 971,226 | 3,828,626 | 70,000 | 4,879,852 | 176,738 | 70,000 | 1,217,964 |
| Federal Special | 135,515 | 106,849 | 169,748 | 412,112 | 107,881 | 169,786 | 413,182 |
| Total Funds | \$6,800,211 | \$4,230,500 | \$357,348 | \$11,398,059 | \$649,521 | \$357,386 | \$7,807,118 |

Significant Present Law Adjustments -

- Rehabilitate the high-hazard Bair and Nevada Creek Dams using state special revenue
- Convert existing and new water rights documents to electronic digital format
- Expand dam safety improvement program with additional available federal funds
- Prepare a comprehensive dam safety report and a fisheries evaluation and report for the Broadwater hydropower facility

New Proposals -

- Implement a collaborative Clark Fork Basin planning group created in Governor's legislation with 1.00 FTE
- Decrease backlog of verifications of permitted water projects
- Administer the flood damage reduction program

Language Recommendations - The following language is recommended for HB 2:

"During the 2003 biennium, up to \$1 million of funds currently in or to be deposited in the Broadwater replacement and renewal account are appropriated to the department for repairing or replacing equipment at the Broadwater hydropower facility."

"During the 2003 biennium up to \$70,000 of interest earned on the Broadwater water users account is appropriated to the department for the purpose of repair, improvement, or rehabilitation of the Broadwater-Missouri diversion project."

"During the 2003 biennium, up to \$500,000 of funds currently in or to be deposited in the state project hydropower earnings account are appropriated for the purpose of repairing, improving, or rehabilitating department state water projects."

25 Reserved Water Rights
Compact Commission
Susan Cottingham x6841

Program Description - The Reserved Water Rights Compact Commission was created by the legislature in 1979 as part of the water rights adjudication effort. It consists of four members appointed by the Governor, two by the President of the Senate, two by the Speaker of the House of Representatives, and one by the Attorney General. Members serve for four years. The commission negotiates water rights with the Indian tribes and federal agencies, which claim federal reserved water rights within the state, to establish a formal agreement (compact) on the amount of water to be allocated to each interest.

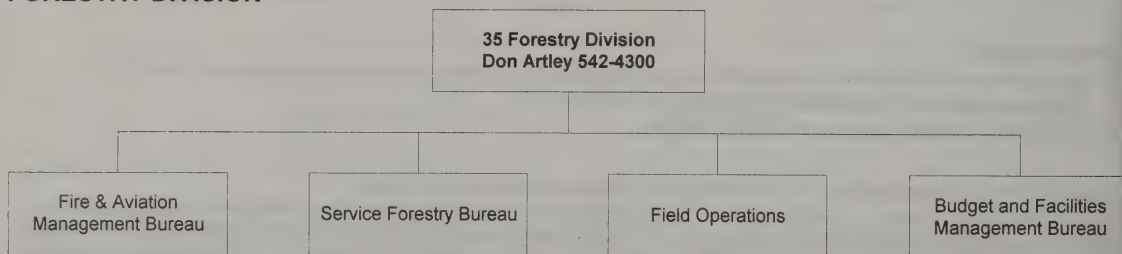
Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Compacts completed | 0 | 1 | 0 | 1 | 1 | 1 |
| Compacts Under Negotiation | 4 | 5 | 5 | 4 | 3 | 2 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
|--------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 12.00 | 0.00 | 0.00 | 12.00 | 0.00 | 0.00 | 12.00 |
| Personal Services | 499,242 | 73,188 | 0 | 572,430 | 76,788 | 0 | 576,030 |
| Operating Expenses | 144,970 | 14,113 | 0 | 159,083 | 12,912 | 0 | 157,882 |
| Equipment | 0 | 6,000 | 0 | 6,000 | 10,500 | 0 | 10,500 |
| Total Costs | \$644,212 | \$93,301 | \$0 | \$737,513 | \$100,200 | \$0 | \$744,412 |
| General Fund | 644,212 | 93,301 | 0 | 737,513 | 100,200 | 0 | 744,412 |
| Total Funds | \$644,212 | \$93,301 | \$0 | \$737,513 | \$100,200 | \$0 | \$744,412 |

FORESTRY DIVISION



Program Description -

The Forestry Division is responsible for planning and implementing forestry programs statewide. Forestry responsibilities include protecting Montana's natural resources from wildfire, regulating forest practices, and providing a variety of services to private forest landowners.

Specific programs include:

1. Fire and Aviation Management - Protecting 50 million acres of state and private forest and watershed lands from wildfire through a combination of direct protection and county support.
2. Forest Practice Regulation - Enforcing Montana's streamside management zone regulations and monitoring the voluntary best management practices program on all forests in Montana.
3. Administering Montana's Fire Hazard Reduction Law - Ensuring that the fire hazard created by logging and other forest management operations on private forest lands is adequately reduced, or that additional fire protection is provided until the hazard is reduced.
4. Providing Forestry Services - Providing technical forestry assistance to private landowners, businesses and communities.
5. Tree and Shrub Nursery - Growing and selling seedlings for conservation and reforestation plantings on state and private lands in Montana.

Program Indicators --

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Total Acres under Fire Protection (in millions) | 50.5 | 50.5 | 52.1 | 52.1 | 52.1 | 52.1 |
| Forest Resources Assistance (in thousands of acres) | 4,117 | 4,100 | 4,100 | 4,100 | 4,125 | 4,125 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 168.49 | (0.66) | 0.00 | 167.83 | (0.66) | 0.00 | 167.83 |
| Personal Services | 5,359,152 | 661,876 | 0 | 6,021,028 | 697,191 | 0 | 6,056,343 |
| Operating Expenses | 2,72,1540 | 735,201 | 88,000 | 3,544,741 | 631,999 | 88,000 | 3,441,539 |
| Equipment | 495,191 | 28,000 | 0 | 523,191 | 15,000 | 0 | 510,191 |
| Transfers | 355,419 | 33,750 | 0 | 389,169 | 33,750 | 0 | 389,169 |
| Debt Service | 13,182 | 0 | 0 | 13,182 | 0 | 0 | 13,182 |
| Total Costs | \$8,944,484 | \$1,458,827 | \$88,000 | \$10,491,311 | \$1,377,940 | \$88,000 | \$10,410,424 |
| General Fund | 5,449,580 | 769,277 | 0 | 6,218,857 | 698,810 | 0 | 6,148,390 |
| State/Other Special | 2,512,989 | 391,474 | 10,000 | 2,914,463 | 371,640 | 10,000 | 2,894,629 |
| Federal Special | 981,915 | 298,076 | 78,000 | 1,357,991 | 307,490 | 78,000 | 1,367,405 |
| Total Funds | \$8,944,484 | \$1,458,827 | \$88,000 | \$10,491,311 | \$1,377,940 | \$88,000 | \$10,410,424 |

Significant Present Law Adjustments -

- Convert the Fire Protection Assessment Computer System from a mainframe to a PC based system
- Maintain 10-year replacement cycle for two-way radio equipment
- Allow reimbursement to DNRC from other states and the federal government for fighting fires or helping with other types of emergencies in other jurisdictions
- Interface field forestry offices with the new master statewide slash accounting database
- Increase federal authority for the Interagency Fire Support Unit

New Proposals -

- Continue forest health monitoring program to control and prevent pathologic outbreaks in Montana forests

Language Recommendations - The following language is recommended for HB 2:

"The department is appropriated up to \$20,000 for the 2003 biennium from the account established in 76-13-408, MCA, for hazard reduction bonds during the 2003 biennium."

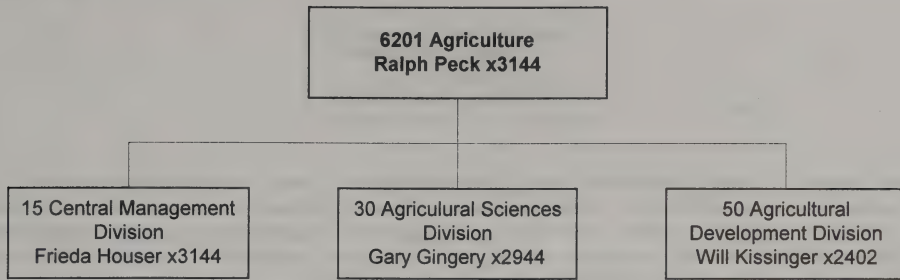
Proprietary Rates

Program Description -The air operations program in the Forestry Division is funded from the air operations proprietary account for those costs that can be supported by the aircraft rates charged to agencies that use the aircraft and general fund for fixed costs. The program operates three medium helicopters, two light helicopters, and three single engine fixed-wing airplanes. Aircraft are primarily used for fire detection, support and suppression of wildfires, and reclamation work in the Department of Environmental Quality. Fixed costs are paid by the general fund and fire protection tax revenue since they must be paid regardless of number of hours flown. These costs include hangar rent, insurance, and personnel costs. The general fund and fire protection taxes are appropriated by the legislature and transferred to and spent from the proprietary account. Variable costs that are dependent on the hours flown, such as fuel and maintenance, are recovered through an hourly rate charged to all users of the aircraft. Users of the aircraft include DRNC, other state agencies, federal agencies, and the state's wildfire suppression efforts. This revenue is also deposited to the proprietary account.

Rate Explanation -The Aviation Bureau of the Forestry Division at DNRC charges for the usage of its fixed and rotary wing aircraft. Projected expenditures for each year are applied against the number of projected flight hours by each type of aircraft. The aircraft are primarily used for fire detection and suppression. Consequently, aircraft utilization is primarily driven by the severity of each fire season. The goal of the rate methodology is to maintain a fund balance that is less than 60 days, per HB 576 requirements. Rates based on the specific costs and flight usage by type of aircraft are the most fair and equitable for chargeback to the users of the aircraft.

Three rates are determined through this process. The table below illustrates each rate and any future variances in those rates.

| <u>Rate Type</u> | <u>FY00 Rate</u> | <u>FY01 Rate</u> | <u>FY02 Rate</u> | <u>FY03 Rate</u> |
|----------------------|------------------|------------------|------------------|------------------|
| Fixed Wing | 90 | 90 | 95 | 95 |
| Bell 206A Helicopter | 345 | 345 | 355 | 355 |
| UH-1 Huey Helicopter | 850 | 850 | 875 | 875 |



Mission Statement - To protect, enhance, and develop all agriculture in Montana; to encourage and promote production and marketing for agriculture and allied industries; and to provide protection for producers and consumers through administration and enforcement of statutes established by Montana's legislature.

Statutory Authority - Article XII, Section 1, Montana Constitution; Title 80, Chapters 1-15, MCA

Executive Budget Recommendation –

- Implement a comprehensive information technology plan for the department
- Provide alfalfa seed phytosanitary inspections to alfalfa seed growers
- Develop standards for weed seed levels in commercial feed
- Improve genetically modified organisms program
- Continue the implementation of the Organic Certification program

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 108.72 | 0.83 | 1.00 | 110.55 | 0.83 | 1.00 | 110.55 |
| Personal Services | 3,512,414 | 641,815 | 56,394 | 4,210,623 | 665,104 | 56,592 | 4,234,110 |
| Operating Expenses | 2,176,271 | 323,591 | 212,918 | 2,712,780 | 236,964 | 112,260 | 2,525,495 |
| Equipment | 214,512 | 60,810 | 25,000 | 300,322 | (2,696) | 42,000 | 253,816 |
| Grants | 2,868,758 | (198,116) | 0 | 2,670,642 | (193,295) | 0 | 2,675,463 |
| Transfers | 80,000 | 0 | 0 | 80,000 | 0 | 0 | 80,000 |
| Debt Service | 1,308 | 0 | 0 | 1,308 | 0 | 0 | 1,308 |
| Total Costs | \$8,853,263 | \$828,100 | \$294,312 | \$9,975,675 | \$706,077 | \$210,852 | \$9,770,192 |
| General Fund | 608,714 | 136,143 | 17,864 | 762,721 | 129,878 | 17,864 | 756,456 |
| State/Other Special | 7,451,196 | 640,794 | 120,946 | 8,212,936 | 524,292 | 69,550 | 8,045,038 |
| Federal Special | 518,056 | 13,295 | 108,898 | 640,249 | 14,579 | 108,884 | 641,519 |
| Proprietary | 275,297 | 37,868 | 46,604 | 359,769 | 37,328 | 14,554 | 327,179 |
| Total Funds | \$8,853,263 | \$828,100 | \$294,312 | \$9,975,675 | \$706,077 | \$210,852 | \$9,770,192 |

15 Central Management
Division
Frieda Houser x3144

Program Description - Central Management Division performs technical, fiscal, and administrative support functions for the department's internal operations and related programs. Responsibilities include accounting, budgeting, payroll, personnel, purchasing, property control, data processing, systems analysis and computer programming, equal opportunity administration, and legal support to all programs within the department. Included in this division is the director's office, which provides overall policy development for the department.

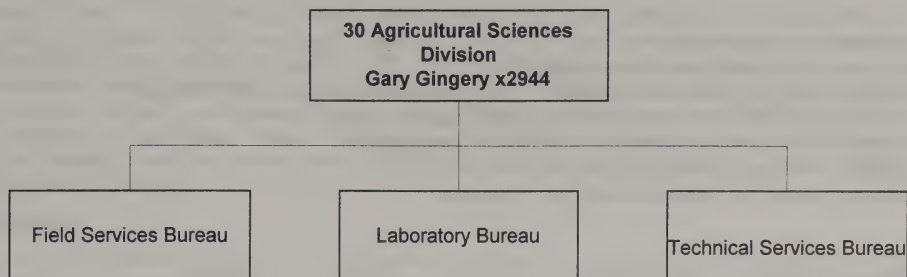
Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Regional/National Projects/Meetings | 112 | 108 | 111 | 115 | 120 | 120 |
| International Projects/Meetings | 25 | 24 | 27 | 28 | 29 | 30 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 12.00 | 0.00 | 1.00 | 13.00 | 0.00 | 1.00 | 13.00 |
| Personal Services | 486,129 | 49,087 | 39,556 | 574,772 | 52,125 | 39,696 | 577,950 |
| Operating Expenses | 176,207 | 13,228 | 123,799 | 313,234 | (13,870) | 40,213 | 202,550 |
| Equipment | 13,603 | 0 | 0 | 13,603 | 0 | 0 | 13,603 |
| Total Costs | \$675,939 | \$62,315 | \$163,355 | \$901,609 | \$38,255 | \$79,909 | \$794,103 |
| General Fund | 230,062 | 16,302 | 17,864 | 264,228 | 5,052 | 17,864 | 252,978 |
| State/Other Special | 319,055 | 40,193 | 120,946 | 480,194 | 28,407 | 69,550 | 417,012 |
| Federal Special | 94,201 | (3,329) | (22,059) | 68,813 | (3,487) | (22,059) | 68,655 |
| Proprietary | 32,621 | 9,149 | 46,604 | 88,374 | 8,283 | 14,554 | 55,458 |
| Total Funds | \$675,939 | \$62,315 | \$163,355 | \$901,609 | \$38,255 | \$79,909 | \$794,103 |

New Proposals -

- Adjust funding for accounting technician position to decrease federal and increase state special funds
- Implement a comprehensive information technology plan for the department



Program Description - The Agricultural Sciences Division (ASD) administers, manages, coordinates, and evaluates the major activities of: 1) pesticide and pest management; 2) analytical laboratory services; 3) noxious weed management; 4) agricultural chemical groundwater management; and 5) vertebrate pest management. This program administers the Montana Pesticides Act, Agricultural Chemical Groundwater Protection Act, Crop Insect Detection Act, Vertebrate Pest Management Act, Noxious Weed Trust Fund Act, elements of the Weed Assistance Act, and the department's Chemical Analytical Laboratory. Duties also include administering agricultural programs related to the production, manufacturing, and marketing of commodities exported from or distributed in the state.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Commercial Agricultural Products Registered | 14,206 | 15,280 | 12,900 | 13,100 | 13,200 | 13,300 |
| Analysis of Commercial Agricultural Products | 3,711 | 8,382 | 9,784 | 6,928 | 7,700 | 7,700 |
| Commodity Certificates | 5,000 | 4,930 | 4,737 | 4,920 | 4,950 | 4,950 |
| Noxious Weed Trust | 135 | 138 | 157 | 150 | 150 | 150 |
| Fund Grants Awarded | | | | | | |
| Pest Quarantines and Surveys | 18 | 21 | 24 | 26 | 25 | 26 |
| Compliance Assistance, Education, and Inspections | 1,405 | 1,450 | 1,567 | 1,482 | 1,483 | 1,484 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 56.84 | 0.83 | 0.00 | 57.67 | 0.83 | 0.00 | 57.67 |
| Personal Services | 2,013,766 | 145,428 | 16,838 | 2,176,032 | 157,562 | 16,896 | 2,188,224 |
| Operating Expenses | 878,847 | 105,139 | 89,119 | 1,073,105 | 86,076 | 72,047 | 1,036,970 |
| Equipment | 200,909 | (33,990) | 25,000 | 191,919 | (40,996) | 42,000 | 201,913 |
| Grants | 1,986,260 | (276,878) | 0 | 1,709,382 | (276,878) | 0 | 1,709,382 |
| Total Costs | \$5,079,782 | (\$60,301) | \$130,957 | \$5,150,438 | (\$74,236) | \$130,943 | \$5,136,489 |
| General Fund | 51,204 | 87,954 | 0 | 139,158 | 90,035 | 0 | 141,239 |
| State/Other Special | 4,649,966 | (164,412) | 0 | 4,485,554 | (181,870) | 0 | 4,468,096 |
| Federal Special | 378,612 | 16,157 | 130,957 | 525,726 | 17,599 | 130,943 | 527,154 |
| Total Funds | \$5,079,782 | (\$60,301) | \$130,957 | \$5,150,438 | (\$74,236) | \$130,943 | \$5,136,489 |

Significant Present Law Adjustments -

- Expand the seasonal potato inspection program
- Continue implementing organic certification with 1.50 FTE to achieve national accreditation
- Provide alfalfa seed phytosanitary inspections to alfalfa seed growers
- Contract with USDA to perform warehouse compliance inspections
- Develop standards for weed seed levels in commercial feed
- Provide special training on genetically modified organisms

New Proposals -

- Ensure private applicators purchasing and using restricted use pesticides maintain appropriate records
- Reauthorize EPA special grant funds for agriculture projects

Proprietary Rates

Program Description -The department has two proprietary funds (06011 and 06016) being reported together.

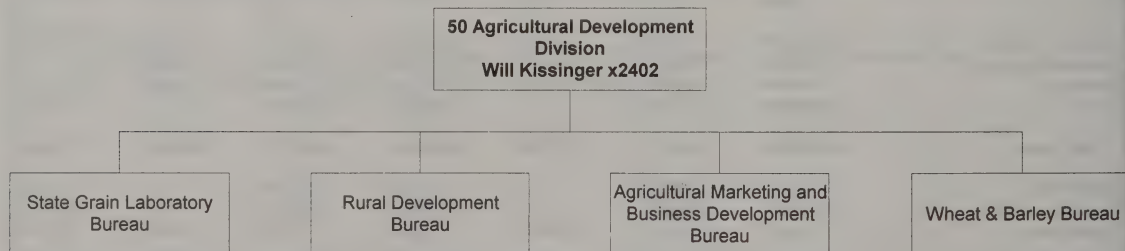
The Alfalfa Leaf-cutting Bee Program was established in 1981. The Alfalfa Seed Committee establishes standards for pathogens and parasites, certification of bees, and management of the program in cooperation with the department. Department personnel perform field and laboratory duties for the committee.

Revenues and Expenses -

Revenue amounts to \$4715 per year. Laboratory fees (analyses of bee larva for pathogens [\$30] and sex ratio [\$10] [\$3,415 per year], registration fees [\$75] STIP [\$422], and misc. [\$23]. There are no FTE funded; however, overtime paid to the entomologist position for laboratory work was \$2,922 per year and per diem for two committee members was \$50. Operation costs were \$930 for FY 2000. Revenues are dependent upon receipt of laboratory samples each year, which determines level of expenditures.

Rate Explanation -Fees are charged for certification and registration of Alfalfa Leafcutter bees in Montana and for laboratory expenses. The fees charged are set by rule.

AGRICULTURAL DEVELOPMENT



Program Description - The Agricultural Development Division administers programs to promote Montana agriculture through market development and enhancement. Assistance is given toward commercialization of traditional as well as innovative agricultural products and processes. The program provides support to the Alfalfa Seed Committee, the Montana Wheat and Barley Committee, the Montana Agricultural Development Council, and the Board of Hail Insurance. The division is comprised of the following Bureaus: Rural Development, Wheat and Barley, Agriculture Marketing & Business Development and State Grain Laboratory. The State Grain Laboratory provides grades, protein determinations, malting barley germination, and falling number tests for contract settlement prices between buyers and sellers of grain crops in Montana.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Wheat and Barley: | | | | | | |
| Market Info Requests | 197 | 229 | 242 | 280 | 300 | 325 |
| Research & Mktg | 78 | 72 | 74 | 79 | 82 | 82 |
| Projects | | | | | | |
| Foreign Trade | 39 | 66 | 61 | 60 | 60 | 60 |
| Delegation | | | | | | |
| Representatives | | | | | | |
| State Grain Lab: | | | | | | |
| Official & Submitted | 21,969 | 22,308 | 22,044 | 25,431 | 26,193 | 26,978 |
| Grades | | | | | | |
| Commodity Grades | 359 | 410 | 314 | 476 | 490 | 504 |
| (Peas, | | | | | | |
| Beans, Lentils) | | | | | | |
| Related Testing | 23,058 | 22,627 | 25,781 | 26,691 | 27,491 | 28,315 |
| (Proteins, | | | | | | |
| Germinations, Falling | | | | | | |
| Numbers) | | | | | | |
| Hail Insurance: | | | | | | |
| Insurance Policies* | 2,218 | 1,998 | 1,628 | 1,900 | 2,100 | 2,300 |
| Acreage Insured* | 1,401,272 | 1,324,798 | 1,032,353 | 1,204,600 | 1,331,400 | 1,458,200 |
| Ag Finance: | | | | | | |
| Junior Ag Loans | 179 | 161 | 149 | 160 | 172 | 185 |
| Subordination Loans | 11 | 10 | 8 | 9 | 9 | 10 |
| Rural Assistance Loans | 49 | 61 | 56 | 58 | 60 | 62 |
| Loan Portfolio Amount | \$1,665,838 | \$2,046,694 | \$1,810,602 | \$1,955,450 | \$2,111,886 | \$2,280,836 |
| Marketing & Business | | | | | | |
| Development: | | | | | | |
| GTA Investment | \$417,710 | \$211,140 | \$312,458 | \$1,000,000 | \$1,000,000 | \$1,000,000 |
| Portfolio | | | | | | |
| Promotions Conducted | 7 | 7 | 7 | 9 | 10 | 12 |
| Trade Shows | 4 | 4 | 4 | 6 | 7 | 9 |
| Trade Missions | 4 | 4 | 5 | 5 | 6 | 6 |
| Companies Assisted w/ | 5 | 8 | 5 | 7 | 10 | 15 |
| Business Start-up | | | | | | |
| Market Assistance (est) | 783 | 914 | 1350 | 1425 | 1500 | 1650 |
| Value-Added Newsletter | 450 | 500 | 650 | 800 | 1000 | 1000 |
| Company marketing | 3 | 4 | 4 | 8 | 10 | 15 |
| plan | | | | | | |
| assistance | | | | | | |
| Trade Show participants | 6 | 8 | 8 | 15 | 15 | 20 |

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 39.88 | 0.00 | 0.00 | 39.88 | 0.00 | 0.00 | 39.88 |
| Personal Services | 1,012,519 | 447,300 | 0 | 1,459,819 | 455,417 | 0 | 1,467,936 |
| Operating Expenses | 1,121,217 | 205,224 | 0 | 1,326,441 | 164,758 | 0 | 1,285,975 |
| Equipment | 0 | 94,800 | 0 | 94,800 | 38,300 | 0 | 38,300 |
| Grants | 882,498 | 78,762 | 0 | 961,260 | 83,583 | 0 | 966,081 |
| Transfers | 80,000 | 0 | 0 | 80,000 | 0 | 0 | 80,000 |
| Debt Service | 1,308 | 0 | 0 | 1,308 | 0 | 0 | 1,308 |
| Total Costs | \$3,097,542 | \$826,086 | \$0 | \$3,923,628 | \$742,058 | \$0 | \$3,839,600 |
| General Fund | 327,448 | 31,887 | 0 | 359,335 | 34,791 | 0 | 362,239 |
| State/Other Special | 2,482,175 | 765,013 | 0 | 3,247,188 | 677,755 | 0 | 3,159,930 |
| Federal Special | 45,243 | 467 | 0 | 45,710 | 467 | 0 | 45,710 |
| Proprietary | 242,676 | 28,719 | 0 | 271,395 | 29,045 | 0 | 271,721 |
| Total Funds | \$3,097,542 | \$826,086 | \$0 | \$3,923,628 | \$742,058 | \$0 | \$3,839,600 |

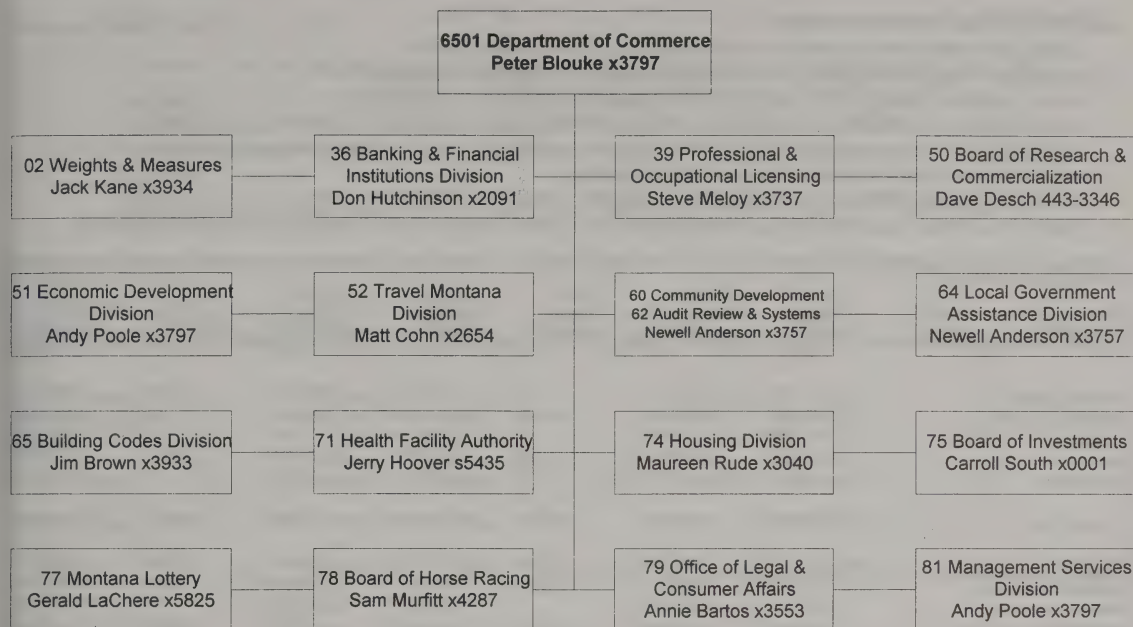
Proprietary Rates

Program Description -The department has two proprietary funds (06011 and 06016) being reported together.

The Montana Agricultural Loan Authority (MALA) was established in 1983 to administer the Beginning Farm Loan Program enacted under 80-12-101 through 80-12-403, MCA. MALA has been inactive since the last loan was issued in 1985. The intent of MALA was to provide for issuance of private purpose tax exempt revenue bonds to facilitate the Beginning Farm Loan Program. However, the Tax Reform Act of 1984 added restrictions to the use of private purpose bonds and prevented bond counsel from issuing clear opinions concerning the tax exempt status of MALA bonds. The Tax Reform Act of 1986 further restricted the use of private purpose tax exempt revenue bonds and again clouded the tax exempt status of the bonds. As a result, lender confidence was lost and very few borrowers could qualify. Eligibility and lender trust continued to deteriorate and the department was unable to provide a self-funded program as required by legislative intent. A proprietary account is maintained on the department books to implement the tax deductions portion of the MALA, which is still in effect under 80-12-211, MCA. The department receives one or two requests each year. The program allows for a Montana income tax and/or capital gains deduction up to \$50,000 to the seller of agricultural land sold to a qualifying beginning farmer or rancher. They must meet all qualifications of the program and be approved through the department. A \$25 application fee is charged to determine eligibility.

Revenues and Expenses -

No revenue was collected for the Beginning Farm Loan Program.



Mission Statement - To enhance the quality of life in Montana by working with our community partners to foster community-led diversification of our economy; to maintain and improve our infrastructure, housing and facilities; and to protect the public by providing a reasonable, customer-oriented regulatory environment.

In support of this mission, the Department of Commerce is committed to:

- Working in partnership with our customers who are economic development organizations, businesses, communities, governmental entities, elected officials, and the public to improve the state's economy through business creation, expansion, retention, and diversification of the state's economic base.
- Enhancing the growth of the Montana economy through the promotion of tourism development and marketing of Montana as a travel and film making destination.
- Promoting access to new markets, both foreign and domestic, for Montana goods and services.
- Developing courses of action and statutory changes which facilitate the growth and health of responsible business enterprises in Montana.
- Providing grants and technical assistance to Montana communities and counties to develop and improve public infrastructure and housing opportunities for the state's citizens.
- Creating a regulatory environment for industries, professionals, and consumers that maintains public confidence, security, service integrity and stability, while fostering a flexible, customer-oriented approach towards the future.
- Pursuing regulatory objectives in a manner that minimizes the costs and complexities of regulation without sacrificing quality.
- Fair and equal treatment of our fellow employees and customers, those who might serve us as volunteers, and those with whom we contract for services.

Statutory Authority - Title 2, Chapter 15, part 3015, MCA, Agriculture Development Council; Title 37, Chapter 1, part 1, MCA, duties and authority of department, director, and boards; and Title 90, Chapter 1, part 1, MCA, planning and economic development.

Executive Budget Recommendation –

- Continue the operations of the Board of Research and Commercialization
- Increase federal grants to Montana communities for economic development projects
- Allow department staff and the general public access to Census data on the Internet
- Increase federal grants to Montana communities for infrastructure, public facility, and housing projects
- Provide building codes education and training for building officials, design professionals and contractors in accordance with HB 245 passed by the 1999 Legislature
- Continue the Section 8 project-based and tenant-based housing assistance programs
- Provide consumer education using proceeds from class action lawsuits filed on behalf of Montana consumers

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 241.81 | 4.00 | 0.00 | 245.81 | 4.00 | 1.00 | 246.81 |
| Personal Services | 8,274,062 | 1,305,274 | 0 | 9,579,336 | 1,366,705 | 28,552 | 9,669,319 |
| Operating Expenses | 13,237,039 | 3,116,919 | 459,250 | 16,813,208 | 2,898,807 | 677,100 | 16,812,946 |
| Equipment | 215,069 | 408,684 | 0 | 623,753 | 41,030 | 0 | 256,099 |
| Grants | 26,823,294 | 43,279,420 | 24,983 | 70,127,697 | 46,258,803 | 58,459 | 73,140,556 |
| Debt Service | 239,272 | 916,354 | 0 | 1,155,626 | 916,353 | 0 | 1,155,625 |
| Total Costs | \$48,788,736 | \$49,026,651 | \$484,233 | \$98,299,620 | \$51,481,698 | \$764,111 | \$101,034,545 |
| General Fund | 2,095,231 | 553,958 | 78,604 | 2,727,793 | 516,285 | 72,454 | 2,683,970 |
| State/Other Special | 12,273,510 | 2,180,134 | (31,371) | 14,422,273 | 2,036,628 | 30,657 | 14,340,795 |
| Federal Special | 27,677,052 | 44,143,603 | 0 | 71,820,655 | 46,966,323 | 0 | 74,643,375 |
| Proprietary | 6,742,943 | 2,148,956 | 437,000 | 9,328,899 | 1,962,462 | 661,000 | 9,366,405 |
| Total Funds | \$48,788,736 | \$49,026,651 | \$484,233 | \$98,299,620 | \$51,481,698 | \$746,111 | \$101,034,545 |

WEIGHT & MEASURES DIVISION

02 Weights & Measures
Jack Kane x3934

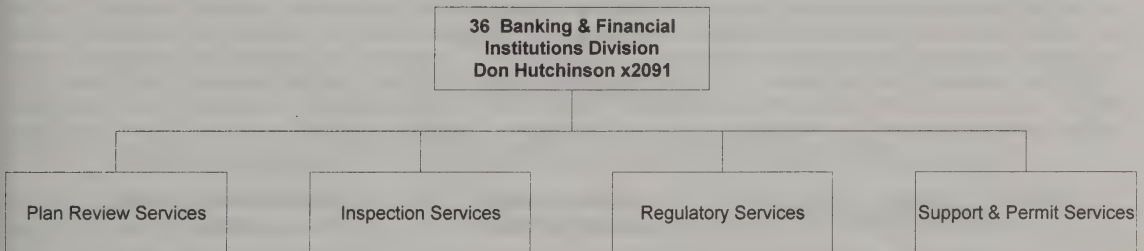
Program Description - The Weights & Measures Bureau is responsible for licensing, inspecting, testing, and certifying all weighing or measuring devices used in commercial transactions in the State of Montana. The bureau also enforces laws and regulations pertaining to quantity control of prepackaged goods and quality control of petroleum products. The bureau is responsible for maintaining the state standards of mass and volume which are used to calibrate other mass or volume standards that are used in testing commercial devices. Program responsibilities are mandated in Title 30, Chapter 12, and Title 82, Chapter 15, MCA

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Scales Licensed | 6,094 | 6,739 | 6,692 | 6,750 | 6,800 | 6,850 |
| Tested, Inspected, Certified | 4,434 | 6,362 | 6,434 | 6,413 | 6,460 | 6,508 |
| Inspection % | 72.76% | 94.50% | 96.14% | 95.00% | 95.00% | 95.00% |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 11.00 | 0.00 | 0.00 | 11.00 | 0.00 | 0.00 | 11.00 |
| Personal Services | 428,916 | 4,222 | 0 | 433,138 | 6,945 | 0 | 435,861 |
| Operating Expenses | 201,865 | 4,513 | 0 | 206,378 | 3,503 | 0 | 205,368 |
| Equipment | 63,000 | 599 | 0 | 63,599 | 0 | 0 | 63,000 |
| Total Costs | \$693,781 | \$9,334 | \$0 | \$703,115 | \$10,448 | \$0 | \$704,229 |
| State/Other Special | 693,781 | 9,334 | 0 | 703,115 | 10,448 | 0 | 704,229 |
| Total Funds | \$693,781 | \$9,334 | \$0 | \$703,115 | \$10,448 | \$0 | \$704,229 |

BANKING & FINANCIAL DIVISION



Program Description - The Banking and Financial Institutions Division is responsible for the supervision, regulation, and examination of 1) state-chartered banks, trust companies, savings and loans, and credit unions; 2) consumer loan and sales finance companies; 3) escrow companies; 4) foreign capital depositories in accordance with Title 32, MCA; and 5) deferred deposit loan companies. The purpose of the supervisory function is to investigate the methods of operation and determine if these institutions are operating in a safe and sound manner. Supervision of regulated financial businesses is accomplished through on-site safety and soundness examinations conducted by division examiners. Division responsibilities are mandated primarily in Titles 2, 31, and 32, MCA..

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Examinations performed | 48 | 49 | 55 | 108 | 200 | 220 |
| Licenses issued | 459 | 499 | 548 | 570 | 600 | 600 |

**DEPARTMENT OF COMMERCE
BANKING & FINANCIAL DIVISION**

**6501
36**

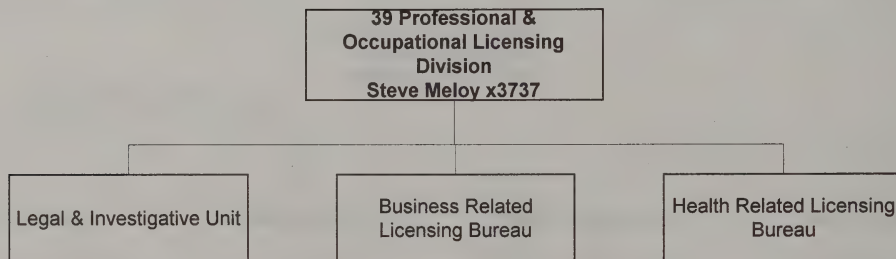
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 28.75 | 0.00 | 0.00 | 28.75 | 0.00 | 0.00 | 28.75 |
| Personal Services | 880,902 | 249,400 | 0 | 1,130,302 | 254,859 | 0 | 1,135,761 |
| Operating Expenses | 355,933 | 100,185 | 0 | 456,118 | 102,509 | 0 | 458,442 |
| Equipment | 0 | 1,917 | 0 | 1,917 | 0 | 0 | 0 |
| Total Costs | \$1,236,835 | \$351,502 | \$0 | \$1,588,337 | \$357,368 | \$0 | \$1,594,203 |
| State/Other Special | 1,236,835 | 351,502 | 0 | 1,588,337 | 357,368 | 0 | 1,594,203 |
| Total Funds | \$1,236,835 | \$351,502 | \$0 | \$1,588,337 | \$357,368 | \$0 | \$1,594,203 |

Language Recommendations -

The following language is recommended for HB2:

"The department is appropriated in each of the fiscal years 2002 and 2003 up to \$500,000 of state special revenue that is deposited in the account established for the purpose of processing charter applications and for the chartering, examination, and regulation of each foreign capital depository that obtains a charter under the provisions of 32-8-205."

POL DIVISION



Program Description - The Professional and Occupational Licensing (POL) Division provides the administrative and clerical services required by the 38 professional boards and occupational licensing programs authorized by state statutes. Services provided include correspondence, application processing, issuing and renewing licenses, administering and grading examinations, taking minutes of board meetings, and hearings, and providing legal staff and investigators to investigate legal infractions. The work is mandated in Title 2, Chapter 15, part 18 and Titles 23, 37, and 50, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 32.53 | 2.50 | 0.00 | 35.03 | 2.50 | 0.00 | 35.03 |
| Personal Services | 1,020,151 | 282,131 | 0 | 1,302,282 | 290,530 | 0 | 1,310,681 |
| Operating Expenses | 3,616,538 | 473,080 | 0 | 4,089,618 | 397,262 | 0 | 4,013,800 |
| Debt Service | 7,548 | 2,500 | 0 | 10,048 | 2,500 | 0 | 10,048 |
| Total Costs | \$4,644,237 | \$757,711 | \$0 | \$5,401,948 | \$690,292 | \$0 | \$5,334,529 |
| State/Other Special | 4,644,237 | 757,711 | 0 | 5,401,948 | 690,292 | 0 | 5,334,529 |
| Proprietary | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$4,644,237 | \$757,711 | \$0 | \$5,401,948 | \$690,292 | \$0 | \$5,334,529 |

Proprietary Rates

Program Description -The Division of Professional and Occupational Licensing (POL) is charged with licensing and regulating persons and businesses engaged in specific professions and occupations as designated by the legislature. By statute, the 38 professional licensing and regulatory boards/programs are empowered to protect the health, safety, and welfare of the citizens of Montana; adopt rules to conduct business; set procedures; discipline peers; evaluate potential licensees; hold oral interviews; evaluate continuing education programs; hold hearings for disciplinary action; and work in conjunction with associations to maintain high standards of excellence for the regulated professions and occupations within the state. The Division typically issues over 80,000 professional and occupational licenses annually.

The Division provides all the professional, technical, administrative, legal, and clerical services required by the professional licensing regulatory boards/programs authorized by state statutes. Services provided include corresponding with the public and licensees; processing applications for licensees; issuing licenses granted by the boards and programs; renewing licenses; requiring and enforcing continuing education credits for licensees where specified by law; levying fines under the jurisdiction of appropriate boards and programs; inspecting businesses where appropriate; and taking minutes of board meetings and hearings. The Division also arranges for meeting and/or examination facilities for each board and licensing program; administers and grades examinations where required; provides legal staff, investigators and inspectors to investigate legal infractions upon requests from the boards and programs; and initiates disciplinary actions and other legal actions against licensees and unlicensed practitioners. These administrative support functions enable the boards and programs to provide effective and efficient services to the public.

Funding for the POL Pool (HB 576 FUND 06552, an internal service fund) is derived through recharges assessed to the special revenue accounts as authorized by 37-1-101 and 131, MCA, and is based upon a cost-allocation formula.

Revenues and Expenses -

Changes in Services or Fees: There has been no significant change in the services provided by the POL Pool to supported boards and licensing programs from the last biennium. Rates for the Pool have been: (FY98 - 33.68 percent) (FY99 - 33.38 percent) (FY00 - 35.61 percent) (FY01 35.68 percent), and requested 2003 biennium rates are 38.00 percent each year. There are 36.25 FTE funded through recharges to supported boards and occupational licensing programs in 2001 biennium.

Working Capital Discussion: Recharges are allocated to the state special revenue accounts based upon requested appropriations, less any program direct personal services amounts, for each program. Recharges are calculated by totaling all adjusted state special revenue accounts. Based on the total, a percentage is calculated for each state special revenue account to determine a percentage rate. That rate is then multiplied by the total recharge revenue amount to determine the recharge assessment to each program.

The revenue objective of the POL Pool is to assess the common costs of operations to the special revenue accounts on an equitable basis while attempting to maintain a reasonable working capital reserve.

Fund Equity and Reserved Fund Balance: At the proposed 38 percent rate, the Department projects a fiscal 2003 ending fund balance of \$320,144, or a 42-day working capital reserve.

Cash Flow Discussion: Recharges are charged to state special revenue accounts on a ongoing basis so a reasonable and prudent working capital reserve must be maintained.

Rate Explanation -The recharge rates proposed for the 2003 biennium are the most appropriate because they most closely match the fees commensurate with cost philosophy, while maintaining a reasonable and prudent working capital reserve.

RESEARCH AND COMMERCIALIZATION PGM

**50 Board of Research &
Commercialization**
Dave Desch 443-3346 ext. 23

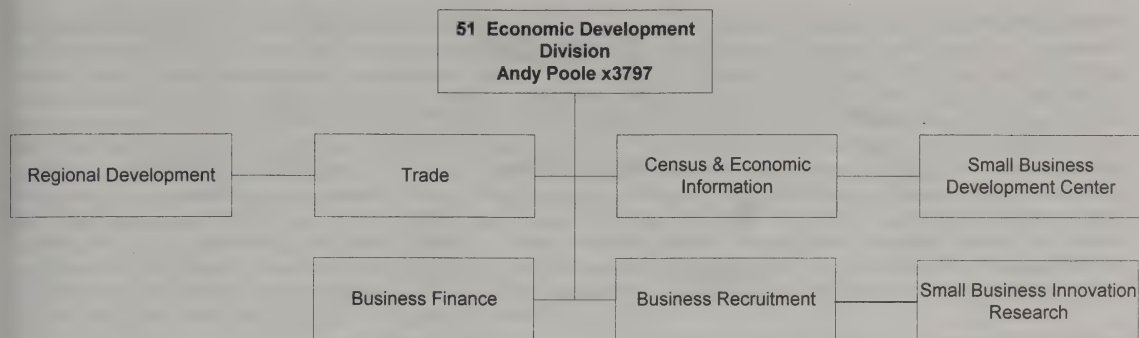
Program Description - The Board of Research and Commercialization Technology was created by the 1999 Montana Legislature to provide a predictable and stable source of funding for research and commercialization projects; expand and strengthen research efforts for the state's basic industries to increase their economic impact on the state economy; and expand research efforts into areas beyond the scope of the basic industries to diversify and strengthen economic security through the creation of technology-based operations and long-term quality jobs.

The board has the authority to make grants or loans to research and commercialization centers if the projects to be funded 1) have potential to diversify or add value to a traditional basic industry of the state economy, 2) show promise for enhancing technology-based sectors or commercial development of discoveries, 3) employ or take advantage of existing research and commercialization strengths, 4) have a realistic and achievable project design, 5) employ an innovative technology, 6) are located in the state, 7) have a qualified research team, 8) have scientific merit based on peer review, and 9) include research opportunities for students. The board responsibilities are mandated primarily in Title 90, Chapter 10, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 2.00 | 0.00 | 0.00 | 2.00 | 0.00 | 0.00 | 2.00 |
| Personal Services | 0 | 71,245 | 0 | 71,245 | 71,493 | 0 | 71,493 |
| Operating Expenses | 1,204 | 76,832 | 0 | 78,036 | 77,303 | 0 | 78,507 |
| Equipment | 0 | 719 | 0 | 719 | 0 | 0 | 0 |
| Total Costs | \$1,204 | \$148,796 | \$0 | \$150,000 | \$148,796 | \$0 | \$150,000 |
| General Fund | 1,204 | 148,796 | 0 | 150,000 | 148,796 | 0 | 150,000 |
| Total Funds | \$1,204 | \$148,796 | \$0 | \$150,000 | \$148,796 | \$0 | \$150,000 |

Significant Present Law Adjustments -

- Continue operations of the Board of Research and Commercialization as approved in the May special session



Program Description - The Economic Development Division is comprised of a variety of programs aimed at improving, enhancing, and diversifying Montana's economic and business climate. Working closely with private sector economic and community development partners, other department divisions, state agencies, and federal and private programs, the division strives to enhance the economic base of Montana through business creation, expansion, and retention efforts. Technical and financial assistance and relationships with local development groups, chambers, and similar organizations provide a springboard to help Montana communities develop their full economic potential. Economic development responsibilities are mandated primarily in Title 30, Chapter 16; Title 17, Chapter 6; and Title 90, Chapter 1, MCA.

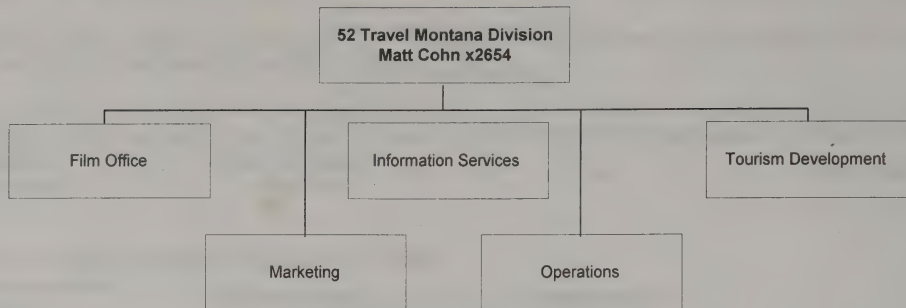
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 26.00 | 0.50 | 0.00 | 26.50 | 0.50 | 0.00 | 26.50 |
| Personal Services | 1,025,833 | 101,667 | 0 | 1,127,500 | 107,277 | 0 | 1,133,110 |
| Operating Expenses | 1,278,071 | 61,686 | 22,250 | 1,362,007 | 53,355 | 16,100 | 1,347,526 |
| Equipment | 0 | 8,624 | 0 | 8,624 | 0 | 0 | 0 |
| Grants | 2,214,579 | 875,760 | 0 | 3,090,339 | 875,760 | 0 | 3,090,339 |
| Total Costs | \$4,518,483 | \$1,047,737 | \$22,250 | \$5,588,470 | \$1,036,392 | \$16,100 | \$5,570,975 |
| General Fund | 1,090,864 | 153,824 | 22,250 | 1,266,938 | 142,078 | 16,100 | 1,249,042 |
| State/Other Special | 236,521 | 12,139 | 0 | 248,660 | 12,139 | 0 | 248,660 |
| Federal Special | 3,191,098 | 881,774 | 0 | 4,072,872 | 882,175 | 0 | 4,073,273 |
| Total Funds | \$4,518,483 | \$1,047,737 | \$22,250 | \$5,588,470 | \$1,036,392 | \$16,100 | \$5,570,975 |

Significant Present Law Adjustments -

- Catalog and maintain the Census and Economic Information Center library collection
- Increase federal grants to Montana communities for economic development projects

New Proposals -

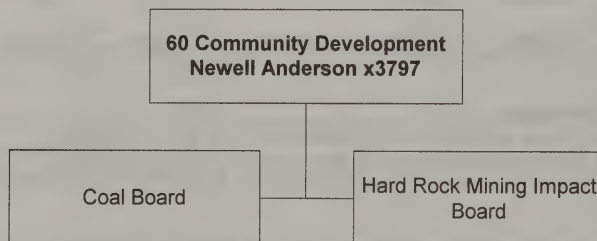
- Allow department staff and the general public access to Census data on the Internet



Program Description - The Travel Montana Division strives to strengthen Montana's economy through increased visitor travel, visitor expenditures, and the filming of motion pictures and commercials in the state. The division works to project a positive image of the state through consumer advertising, publicity, international and domestic group travel marketing, printing and distribution of literature, and marketing to motion picture and television production companies. The division is funded primarily by the statutorily-appropriated lodging facility use tax and uses these monies to provide training and assistance to the Montana tourism industry, administer and distribute infrastructure grants, and oversee expenditures of six regional non-profit corporations and the nine specific cities where lodging facility use tax collections exceed \$140,000. The division is mandated primarily in Title 15, Chapter 65, and Title 2, Chapter 15, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 567,913 | 197,236 | 0 | 765,149 | 182,087 | 0 | 750,000 |
| Total Costs | \$567,913 | \$197,236 | \$0 | \$765,149 | \$182,087 | \$0 | \$750,000 |
| State/Other Special | 567,913 | 197,236 | 0 | 765,149 | 182,087 | 0 | 750,000 |
| Total Funds | \$567,913 | \$197,236 | \$0 | \$765,149 | \$182,087 | \$0 | \$750,000 |

COMMUNITY DEVELOPMENT DIVISION



**DEPARTMENT OF COMMERCE
COMMUNITY DEVELOPMENT DIVISION**

**6501
60**

Program Description - The Community Development Bureau works with federal, state, and local governments, and the private sector, in all areas of community development including public facilities planning and financing, community planning and growth management, subdivision regulation and zoning, housing development for low- and moderate-income families, neighborhood revitalization, needs assessment, and coal and hard rock mining mitigation, and project management. The three major programs within the bureau are the Community Technical Assistance Program (CTAP), the Community Development Block (CDBG) Program, and the Treasure State Endowment Program (TSEP). The Montana Coal Board and the Montana Hard Rock Mining Impact Board and their respective programs are attached to the bureau for administrative purposes. These five programs, individually and collectively, provide both financial and technical assistance to Montana communities, local elected officials and staff, nonprofit organizations, private sector developers and consultants, and private citizens. Other assisted entities include local planning boards and zoning commissions, community development corporations, human resource development councils, water and sewer districts, fire departments, and housing authorities. Bureau work is mandated primarily in Title 90, Chapter 1 and Chapter 6, MCA; and federal authorizations 24 CFR 570, subpart 1; and 42 USC 5301.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--------------------------------|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Coal Board | | | | | | |
| Applications | 1 | 40 | 26 | 20 | 20 | 15 |
| Grants | 1 | 1 | 14 | 8 | 12 | 7 |
| Hard Rock Mining | | | | | | |
| Board Meetings | 2 | 3 | 3 | 4 | 4 | 4 |
| Conference Calls | 3 | 3 | 3 | 3 | 3 | 3 |
| *Contacts: | | | | | | |
| Public | 35 | 36 | 37 | 40 | 40 | 40 |
| Private | 5 | 6 | 6 | 8 | 8 | 8 |
| CTAP | | | | | | |
| Customers Assisted | 2,000 | 2,000 | 2,300 | 2,300 | 2,300 | 2,300 |
| Workshops & Meetings | 25 | 25 | 25 | 25 | 25 | 25 |
| Publications | 2,000 | 2,000 | 6,000 | 2,500 | 2,500 | 2,500 |
| Videos | 4 | 7 | 7 | 7 | 7 | 7 |
| Internet Programs | 2 | 2 | 2 | 2 | 2 | 2 |
| County Land Planning | | | | | | |
| Grants to Counties | 56 | 56 | 56 | 56 | 56 | 56 |
| CDBG Program | | | | | | |
| Applications Reviewed: | | | | | | |
| Public Facilities | 15 | 20 | 16 | 16 | 16 | 16 |
| Housing | 6 | 7 | 7 | 7 | 7 | 7 |
| Planning | 25 | 36 | 25 | 25 | 25 | 25 |
| Grants Awarded: | | | | | | |
| Public Facilities | 7 | 8 | 8 | 8 | 8 | 8 |
| Housing | 6 | 5 | 4 | 4 | 4 | 4 |
| Planning | 18 | 22 | 19 | 19 | 19 | 19 |
| TSEP Program | | | | | | |
| Applications Reviewed | 0 | 41 | 0 | 39 | 0 | 50 |
| Construction Project | 22 | 0 | 32 | 0 | 30 | 36 |
| Awards | | | | | | |
| Active Projects | 38 | 48 | 42 | 38 | 68 | 68 |
| Preliminary Engineering Grants | | | | | 29 | 0 |

**DEPARTMENT OF COMMERCE
COMMUNITY DEVELOPMENT DIVISION**

6501

60

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 13.50 | 0.00 | 1.00 | 14.50 | 0.00 | 1.00 | 14.50 |
| Personal Services | 542,993 | 21,370 | 0 | 564,363 | 24,646 | 28,552 | 596,191 |
| Operating Expenses | 504,652 | 137,610 | 0 | 642,262 | 130,984 | 0 | 635,636 |
| Equipment | 6,309 | 3,114 | 0 | 9,423 | 0 | 0 | 6,309 |
| Grants | 7,415,242 | 1,915,544 | 24,983 | 9,355,769 | 1,915,544 | 58,459 | 9,389,245 |
| Total Costs | \$8,469,196 | \$2,077,638 | \$24,983 | \$10,571,817 | \$2,071,174 | \$87,011 | \$10,627,381 |
| General Fund | 359,188 | 89,195 | 0 | 448,383 | 86,772 | 0 | 445,960 |
| State/Other Special | 1,803,777 | 113,950 | 24,983 | 1,942,710 | 109,437 | 87,011 | 2,000,225 |
| Federal Special | 6,306,231 | 1,874,493 | 0 | 8,180,724 | 1,874,965 | 0 | 8,181,196 |
| Total Funds | \$8,469,196 | \$2,077,638 | \$24,983 | \$10,571,817 | \$2,071,174 | \$87,011 | \$10,627,381 |

Significant Present Law Adjustments -

- Increase federal grants to Montana communities for infrastructure, public facility, and housing projects

New Proposals -

- Expand grants to local communities for coal impact mitigation

Language Recommendations – The following language is recommended for HB2:

"The Montana coal board is authorized up to \$2,000,000 state special revenue during the 2003 biennium for grants dependent on available revenue in the coal severance tax shared account."

LOCAL GOV'T. SERVICES DIVISION

**62 Audit Review & Systems
Division
Newell Anderson x3757**

Program Description - The Local Government Services Division consists primarily of two programs - the Local Government Accounting Systems Program and the Local Government Audit Review Program. The Local Government Accounting Systems Program provides technical assistance and training to local government accounting and financial personnel in the areas of local government finance, accounting, budgeting and financial reporting through on-site visits, telephone assistance, and local government training seminars held at various locations throughout the state on a periodic basis. Program staff also serves as liaisons between local governments and various state agencies. The Local Government Audit Review Program is responsible for defining, reviewing, and enforcing auditing requirements for Montana local governments. Program staff review all of the jurisdictions' annual financial reports and certify compliance of local governments with the state Single Audit Act. Systems program work is mandated primarily in Article VIII, Section 12 of the Montana Constitution; Title 2, Chapters 6 and 7; Title 7, Chapters 1, 2, 3, 5, and 6; Title 19, Chapter 18; Title 20, Chapter 1; and, Title 85, Chapter 7, MCA. Audit review program work is mandated primarily in Title 2, Chapter 7, part 5, MCA.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| LGS Systems Program On Site Assistance (Hours) | 3,808 | 5443 | 4340 | 5400 | 5700 | 5700 |
| LGS Audit Review Program Local Government Audits | 429 | 483 | 455 | 460 | 460 | 460 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 6.00 | 0.00 | 0.00 | 6.00 | 0.00 | 0.00 | 6.00 |
| Personal Services | 249,113 | 13,603 | 0 | 262,716 | 15,516 | 0 | 264,629 |
| Operating Expenses | 151,616 | 18,075 | 0 | 169,691 | 17,566 | 0 | 169,182 |
| Equipment | 0 | 1,198 | 0 | 1,198 | 0 | 0 | 0 |
| Total Costs | \$400,729 | \$32,876 | \$0 | \$433,605 | \$33,082 | \$0 | \$433,811 |
| General Fund | 400,729 | 32,876 | 0 | 433,605 | 33,082 | 0 | 433,811 |
| Total Funds | \$400,729 | \$32,876 | \$0 | \$433,605 | \$33,082 | \$0 | \$433,811 |

Proprietary Rates

Program Description -Audit Review Program (06042) and Local Government Audit & Systems (Defalcation Audit Program) (06043) Descriptions:

Audit Review (06042):

The Audit Review program is responsible for administering the provisions of the Montana Single Audit Act (Title 2, Chapter 7, part 5, MCA), which specifies the audit requirements for all Montana local governments entities. The program performs the following services:

1. Mails out and receives annual financial reports from approximately 900 local governments;
2. Enters selected financial data from the reports into a database;
3. Obtains and enters into the database information regarding school district revenues,
4. Determines which local government entities are subject to audit under the act and notifies them of the audit requirements;
5. Accepts applications from and maintains a roster of independent auditors authorized to conduct local government audits;
6. Prepares and keeps current a legal compliance supplement for use by independent auditors in conducting local government audits;
7. Receives and approves audit contracts for local government audits;
8. Verifies that all local governments required to have audits do so;
9. Receives and reviews local government audit reports to determine whether the audits have been conducted in accordance with required standards;
10. Notifies state agencies of audit findings related to financial assistance programs that they administer;
11. Receives and reviews each local government's response to the audit report findings and determines whether the entity has developed a satisfactory plan to correct deficiencies noted in the audit report;
12. Maintains on file copies of all local government entity audit reports and the local government responses to audit findings, and makes those reports and responses available upon request to state and federal agencies and the public;

13. Provides technical advice on accounting, auditing, and legal compliance matters to local governments and certified public accountants conducting local government audits;
14. Investigates or refers to auditors for follow-up action complaints or allegations received from the public, either directly or through the Legislative Auditor's Hotline; and
15. Provides information regarding local government audits, audit findings, entity responses to findings, and legal compliance and accounting requirements to the public.

Primary Program Mandates: The work of the Audit Review program is mandated primarily in Title 2, Chapter 7, part 5, MCA.

Funding: Funding for the Audit Review Program (HB 576 fund 06042) is primarily derived from filing fees paid by local governments that are required to be audited by the Montana Single Audit Act (2-7-514, MCA) and from fees paid by certified public accountants who wish to be included on the roster of independent auditors authorized to conduct audits of local governments.

Defalcation Audit (06043):

Title 2-7-503(5) & (6), MCA, state that the department "...may at any time conduct or contract for a special audit or review of the affairs of any local government entity referred to in this part. The special audit or review must, to the extent practicable, build upon audits performed pursuant to this part. (6) The fee for the special audit or review must be a charge based upon the costs incurred by the department in relation to the special audit or review. The audit fee must be paid by the local government entity to the state treasurer and deposited in the enterprise fund to the credit of the department." It is the Defalcation Audit Program's responsibility to meet the requirements of the aforementioned statute in regards to the need for special audits or reviews.

Based upon an executive recommendation, the 54th Legislative Assembly privatized the Audit Program in the Local Government Assistance Division. Previously, the state provided for the financial and compliance post auditing of the financial statements of local taxing jurisdictions in Montana, as required by law. Private accounting firms now conduct these audits. The auditing is designed to protect the taxpayers' interests by verifying that the financial conditions and operations are responsibly accounted for and reported and that local officials are complying with appropriate statutes and regulations.

With the privatization of the Audit Program came the legislative recognition that the state would no longer have any practicing local government audit staff and the question was asked: "What if a local government experiences a significant defalcation or is called on for some alleged financial or reporting impropriety to have a special audit or review? Who makes the special audit or review decisions if the local government can't or won't?" Under 2-7-503, MCA, the Department of Commerce (Local Government Audit Review and Systems Bureau) has the administrative responsibility, if deemed appropriate, to require that a special audit or review be conducted of a local government entity. Included in this responsibility is the capacity of the state to contract and pay a private CPA firm for the costs of conducting the special audit or review. The special audit or review fee must be paid by the local government entity to the state treasurer and deposited in the enterprise fund to the credit of the department. In many cases, however, the audited local government entity lacks the fiscal resources to pay for the costs of the special audit or review. The department will collect all funds that can be collected.

Primary Program Mandates: The work of the Defalcation Audit program is mandated primarily in Title 2, Chapter 7, part 5, MCA.

Funding: Funding for the Defalcation Audit Program (HB 576 fund 06043) is derived from the reimbursable special audit costs received from local government entities undergoing audits or reviews.

Revenues and Expenses -

(1) Describe any change in provision of service or level of fees:

Audit Review Program:

Based on the most current information available, approximately 470 local government entities will be required to have audits for FY 1999, with approximately another 30 school districts having financial reviews. FY 2000 audit contracts are still being received and processed, and final numbers are not yet available for that fiscal year. Since biennial audits are permitted under Montana law, the department contracts for approximately 450 to audits each year. We anticipate that the number of entities required to be audited each year will remain relatively constant, with a small increase in the number of special purpose districts being required to be audited. As described in more detail above, the program

approves contracts for each required audit or financial review, monitors the audit or review progress, and receives copies of the final audit or review report. The program also reviews 100 percent of the audit and review findings and the entity responses to or corrective action plans for those findings, and evaluates the adequacy of the responses or corrective action plans before determining whether or not to accept them. Audit and review findings and entity responses relating to state programs or state administered federal programs are referred to the appropriate state agency for action.

The Audit Review program conducts initial quality control reviews of 100 percent of the audits and financial review reports received. In a typical year, more detailed quality control desk reviews are conducted of approximately 10 to 20 percent of the audit reports received, and detailed quality control reviews of audit working papers are conducted for a limited number of audit reports based on staff time available.

In addition, approximately 900 local governments (excluding school districts and associated cooperatives) are required to file annual financial reports with the department each fiscal year. Information from these reports is utilized to determine whether an entity is required to be audited under state law. The number of annual financial reports received is expected to remain relatively constant, with a small annual increase each year in the number of special purpose districts required to be audited.

To perform the work required at current level, the Audit Review program is currently authorized 4.00 FTE . Staffing is expected to remain at 4.00 FTE for FY 2002 and FY 2003.

The Audit Review program has one major and one minor fee revenue. It is the intent of the department to maintain fees sufficient to pay program operating costs at current level staffing. The Audit Review program does not receive any direct appropriations. Funding is derived entirely from the fees described below. Major Fee: The major fee revenue is the report filing fee required by 2-7-514, MCA. The fee is required by statute to be based upon the costs incurred by the department in the administration of Title 2, Chapter 7, part 5, MCA. 2-7-514, MCA, provides that all local government entities required to be audited under Title 2, Chapter 7, part 5, MCA, shall pay the filing fee. For all local governments except school districts and associated cooperatives, that fee is required to be paid by the local government at the time that it files its annual financial report with the Department of Commerce. In the case of school districts and associated cooperatives, the Office of Public Instruction is required to file a listing of school districts subject to audit by December 31 each year. OPI is also required to pay the filing fee for school districts and associated cooperatives subject to audit. The Department of Commerce bills OPI for the filing fees once a year in January, based on the information provided by OPI in December in the above report. The Department is required to adopt the fee schedule by administrative rule based upon the local government entities' revenue amounts. That fee schedule has been adopted as ARM 8.94.4102. Fees were reduced effective for annual financial reports for years ended June 30, 1997 and after, which were those received by the department during FY 1998 and after.

| <u>Annual Revenues Equal To or Greater Than:</u> | <u>Annual Revenues Less Than:</u> | <u>Fee</u> |
|--|---------------------------------------|------------|
| \$0.00 | \$200,000 | \$0.00 |
| \$200,000 | \$500,000 | \$175.00 |
| \$500,000 | \$1,000,000 | \$375.00 |
| \$1,000,000 | \$1,500,000 | \$525.00 |
| \$1,500,000 | \$2,500,000 | \$600.00 |
| \$2,500,000 | \$5,000,000 | \$675.00 |
| \$5,000,000 | \$10,000,000 | \$725.00 |
| \$10,000,000 | | \$775.00 |

The above fee schedule provided \$244,600 in revenue for FY 2000. No changes to the fee schedule are currently planned. Revenue from this fee schedule for FY 2001, FY 2002, and FY 2003 is estimated to be approximately \$236,000.

The Audit Review program was started as a result of legislation passed in 1991. The initial funding for the program was provided by a general fund loan, which was to be repaid over a 5-year period. The last payment of \$34,915 on the loan was made in June, 1997. Therefore, the fee schedule for FY 1998 and after does not include revenue for the loan payment. As noted above, the fee schedule in the administrative rules was revised to reduce fees for FY 1998 and after. Minor Fee: The minor fee revenue is the roster fee provided for by 2-7-506, MCA. That section provides that the Department of Commerce may prepare and maintain a roster of independent auditors authorized to conduct audits of Montana local government entities. The department, in consultation with the Board of Public Accountants, is required to adopt rules governing the:

- a. Criteria for the selection of the independent auditor;
- b. Procedures and qualifications for placing applicants on the roster;
- c. Procedures for reviewing the qualifications of independent auditors on the roster to justify their continuance on the roster; and
- d. Fees payable to the department for application for placement on the roster.

The department has adopted the above as ARM 8.94.4106. The current fee in the rule is \$50 per year. The Department has no present plans to change the fee, which provides approximately \$2,900 per year in revenue.

Defalcation Audit Program:

As mentioned above, the department will solicit bids and contract with qualified CPA firms to conduct any special audits or reviews deemed appropriate and necessary by the Local Government Audit Review and Systems programs. No department FTEs are funded with Defalcation Audit program funds. Any related administrative or monitoring work related to the contracted special audits or reviews is performed by Audit Review program staff. The department anticipates that audit rates will be competitive and to some extent negotiable. It should be noted however, that these type of audit engagements typically involve problematic entities and higher costs are a likely result. Since the state is responsible for contracting directly with the CPA firm conducting the special audit or review it is essential that sufficient resources remain available to pay for such an audit engagement should one be deemed necessary. The department's cost recovery will be entirely dependent on the fiscal capacity of the audited local government entity. All reasonable efforts will be made to recover special audit costs from audited entities.

It is extremely difficult, if not impossible, to project the number of defalcations, or allegations of extraordinary financial impropriety that might require special audits or reviews in the future. The department is, therefore, projecting FY 2002 and FY 2003 expenditure levels at \$65,000 annually, which is the same amount as the current and past biennium. State requested special audits and reviews are not those that can be easily planned for, or if they were, they could be more easily prevented. The appropriation authority and financial resources exist only to protect the taxpayers should their fiscal best interests be in jeopardy.

The revenue objective of the Defalcation Audit Program is to recover any special audit or review costs from audited local government entities in order to ensure that sufficient resources remain available for future special audits or review costs should such engagements be deemed necessary. The Defalcation Audit Program does not receive any direct appropriations. Funding is derived entirely from reimbursable special audit costs received from local government entities undergoing audits or reviews.

(2) Working Capital Discussion:

The accompanying report on the Enterprise Funds showing changes in retained earnings and total fund equity combines the Audit Review Program (06042) and the Defalcation Audit Program (06043).

Audit Review Program: The OBPP guidelines provide that projected working capital reserves may not exceed 60 days average daily expenditures for projected personal services, operating expenses, and miscellaneous operating. The working capital reserve level appears to assume that revenue will be received in some uniform manner throughout the fiscal year. That is not the case for the Audit Review program. The filing fees paid by local governments and the Office of Public Instruction is the major revenue source for the program. The fee, except for school districts and associated cooperatives, is required to be paid at the time that the local government files its annual financial report. Those reports are due within six months after the close of the fiscal year. Since almost all Montana local governments operate on a July 1 to June 30 fiscal year, most reports are due by December 31 and the reports and fees are received by the Department during December. Extensions may be granted, and some reports with the required fees are not paid until several months later. In the case of school districts and associated cooperatives, as noted above under the heading

Major Fee, the filing fees for those entities are not paid by the Office of Public Instruction until January. Approximately 2 percent of program revenue is received within the first two months (60 days) of the fiscal year, only 5 percent within the first three months, 9 percent within the first four months, 14 percent within the first five months, and 23 percent within the first six months. Approximately 56 percent is received at one time in January from OPI. In excess of 90% of roster fees paid by CPAs are received between April 15 and June 30 each year. Therefore, depending on the exact time during the year that certain major expenditures are incurred, the program needs approximately a four to five month working capital reserve at the beginning of each fiscal year in order to avoid cash deficits.

In addition, the Audit Program currently maintains a database using Informix software for recording information and generating reports regarding local government annual financial reports, audit contracts, audit reports, audit findings, responses to audit findings, and other related information. The Department of Commerce is utilizing Oracle software for all new major databases established and is converting existing Informix databases to Oracle over a period of time. Although an exact time has not been established, the Audit Review program is tentatively planning on converting its database from Informix to Oracle by FY 2004 at the latest. Assuming that the database conversion will be contracted out and thereafter maintained by department staff, we are estimating one-time contracted services costs of approximately \$65,000 to \$100,000. The Audit Review program has gradually established an additional reserve in order to pay this one-time contracted services expenditure without having to require a substantial fee increase at that time.

As noted above under the heading "Major Fee," the department amended the administrative rule to reduce fees for the FY 1998 and future fiscal years. Because of the time and expense involved in amending administrative rules, changing forms, and changing computer programs, it is the Audit Review program policy to attempt to keep fees relatively level, without fluctuations from year to year. Therefore, fees were reduced beginning in FY 1998 to a level that would gradually reduce the working capital reserve to the four to five month balance (120 - 150 days) over a period of between five and six years, not including the additional working capital reserve for Oracle data base programming. If fees were reduced significantly to immediately reduce the working capital reserve to the four to five month balance by the end of FY 2001, staff would have to turn around and immediately increase fees by a rather significant amount in order to maintain the reserve at that level. Under either approach the local governments and OPI, on behalf of school districts and special education cooperatives, will pay the same amount over the five to six year period.

Defalcation Audit Program:

As noted previously, it is not possible to accurately predict the number of defalcation audits that will occur during any given fiscal year. Therefore, program revenue and expenses have been estimated at \$65,000 each for each fiscal year. As a result, the retained capital, total fund equity, and working capital are not anticipated to change through FY 2002 and FY 2003.

Fund Equity and Reserved Fund Balance:

Audit Review Program:

The Audit Review program has no specific requirement to reserve fund balance. As noted in the previous discussions, the program has attempted to gradually increase unreserved fund balance so as to enable the program to pay the costs associated with the conversion of its database from Informix software to Oracle software without major fee increases at that time. It is management's objective to gradually reduce unreserved fund balance, less the estimated \$65,000 to \$100,000 database conversion costs, to approximately \$45,000 to \$70,000 by the end of FY 2003. This objective is in line with the above discussion of working capital requirement. As such, no fee increase is planned for FY 2001, FY 2002, or FY 2003. With estimated fee revenue less than anticipated expenses, unreserved fund balance should gradually decline to the desired level.

Defalcation Audit Program:

The Defalcation Audit Program has no requirement to reserve fund balance. Management's objective is to maintain the current unreserved fund balance. This is due to the uncertainty regarding how many special audits or reviews will be required in any given year, combined with the possible inability to be fully paid for those audit or review costs by the local governments due to limited fiscal resources.

Cash Flow Discussion:

Audit Review Program:

See previous discussion of the Audit Review program revenue flow under "Working Capital Discussion" above. Most program expenses are incurred fairly uniformly throughout the fiscal year, except for periodic capital outlay and contracted services expenditures. The timing of contracted services expenditures associated with audit reviews cannot normally be preplanned. Other than normal operating costs, there are no significant reoccurring cash obligations that must be covered by cash on hand. There could, however, be a significant cash payout for unused vacation and sick leave in the event of the termination or retirement of long-term employees. One employee with over 30 years of service would have a vacation and sick leave payout in excess of \$20,000.

Defalcation Audit Program:

As noted previously, it is virtually impossible to predict the number of required special audits or reviews each year. Therefore, the timing of program expenses for contracted services and the timing of payments from local governments cannot be predicted. The program does not have any reoccurring cash obligations that must be covered by cash on hand.

LOCAL GOVT ASSISTANCE ADMIN

**64 Local Government
Assistance Division
Newell Anderson x3757**

Program Description - The Local Government Assistance Administration program provides the Local Government Services Division with professional administration and legal services. The program supervises both the Community Development Bureau and the Local Government Audit Review and Systems Bureau. Supervised programs include:

- Montana Coal Board
- Community Development Block Grant Program
- Community Technical Assistance Program
- Hard Rock Mining Impact Board
- Treasure State Endowment Program
- Local Government Audit Review Program
- Local Government Accounting Systems Program

The Local Government Assistance Administration program functions under multiple federal and state authorities that enable and mandate the individual programs functioning in the Local Government Assistance Division.

Proprietary Rates

Revenues and Expenses -

Changes in Services or Fees: There has been no change in the services provided to supported divisions and programs, or appreciable change in fees from the last biennium. There are 2.50 administrative FTE funded through recharges to supervised divisions and programs.

Working Capital Discussion: The LGA Administration Program rate is calculated by dividing the programs total cost by supported programs requested budgets. The calculated rate is the lowest possible rate as indicated by the negative fund balance, which is a reflection of non-budgeted activities such as compensated absences. This allocation methodology has been used for many, many years and has worked very well. The 60 day Working Capital Calculation was not considered in the determination of rates.

Fund Equity and Reserved Fund Balance: The calculated rate is the lowest possible rate as indicated by the negative fund balance, which is a reflection of non-budgeted activities such as compensated absences.

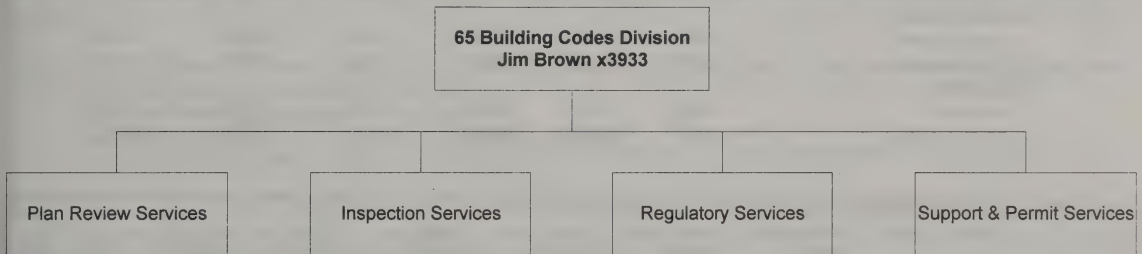
Cash Flow Discussion: Recharges are charged to supported programs on a biweekly basis according to how much time was worked on each supervised division and program.

Rate Explanation -The revenue objective of the LGA Division Administration program is to maintain the lowest possible fund balance and recharge cost to supervised divisions and programs. The actual operating costs of this administrative unit are charged to each of the supervised divisions and programs based upon the amount of time dedicated to the program. Recharges are billed on the basis of reported time on the pay period time sheets. Generally, administrative costs beyond those directly associated with personal services and a minimal amount of operating costs have not been budgeted for. Rather, these costs, which are primarily incurred by either the administrator or the legal counsel, are billed directly to the program with which that activity was associated.

The only present law adjustments are changes in fixed costs and an increase in indirect costs to the Director's Office/Management Services Division for a position that was not filled for all of the base year.

There are no new proposals for this program. The rate requested for this administrative program is essentially the same as in previous biennia, updated for inflation and fixed costs.

BUILDING CODES DIVISION



Program Description - The Building Codes Division, in accordance with Title 50, Chapters 60 and 74, MCA, establishes and enforces minimum building (including accessibility), plumbing, mechanical, electrical, energy, elevator, and boiler codes. This enforcement safeguards the public, employees, and property from the hazards inherent in the construction of buildings, including their structural, nonstructural, electrical, plumbing, mechanical, and boiler components, and factory-built buildings manufactured or offered for sale in Montana. When possible, the division approves and certifies local government code enforcement programs to utilize codes adopted by the division. The division also assists the Board of Plumbers and the State Electrical Board with license law enforcement by checking for proper licensing when inspecting projects for code compliance.

DEPARTMENT OF COMMERCE
BUILDING CODES DIVISION

6501
65

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Plumbing: | | | | | | |
| Permits | 2370 | 2602 | 2841 | 2900 | 2900 | 2900 |
| Inspections | 6966 | 7888 | 10494 | 10500 | 10500 | 10500 |
| Comp. Orders | 58 | 78 | 64 | 65 | 65 | 65 |
| Lic. Checks | 1136 | 1363 | 1194 | 1200 | 1200 | 1200 |
| MECHANICAL: | | | | | | |
| Permits | 812 | 731 | 798 | 800 | 800 | 800 |
| Inspections | 2215 | 2236 | 2540 | 2600 | 2600 | 2600 |
| Comp. Orders | 22 | 25 | 15 | 15 | 15 | 15 |
| ELECTRICAL: | | | | | | |
| Permits | 12400 | 12465 | 13087 | 13100 | 13100 | 13100 |
| Inspections | 20615 | 21410 | 23663 | 23700 | 23700 | 23700 |
| Comp. Orders | 76 | 137 | 81 | 80 | 80 | 80 |
| Lic. Checks | 2369 | 1405 | 1735 | 1750 | 1750 | 1750 |
| BOILERS: | | | | | | |
| Total Inspections | 5319 | 5642 | 5948 | 6000 | 6000 | 6000 |
| State | 2122 | 2277 | 2526 | 2550 | 2550 | 2550 |
| Insurance | 3197 | 3365 | 3422 | 3450 | 3450 | 3450 |
| Total Certs. | 4827 | 5140 | 5594 | 5600 | 5600 | 5600 |
| State | 1846 | 2045 | 2237 | 2250 | 2250 | 2250 |
| Insurance | 2981 | 3095 | 3357 | 3350 | 3350 | 3350 |
| ELEVATORS: | | | | | | |
| Inspections | 1158 | 1229 | 1315 | 1350 | 1350 | 1350 |
| Certificates | 1328 | 1465 | 1600 | 1600 | 1600 | 1600 |
| BUILDINGS: | | | | | | |
| Permits | 946 | 977 | 1030 | 1100 | 1100 | 1100 |
| Inspections | 10017 | 10359 | 9996 | 10000 | 10000 | 10000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 58.00 | 0.00 | 0.00 | 58.00 | 0.00 | 0.00 | 58.00 |
| Personal Services | 1,979,444 | 225,094 | 0 | 2,204,538 | 237,480 | 0 | 2,216,924 |
| Operating Expenses | 772,984 | 172,658 | 0 | 945,642 | 140,871 | 0 | 913,855 |
| Equipment | 81,882 | 49,909 | 0 | 131,791 | 46,118 | 0 | 128,000 |
| Total Costs | \$2,834,310 | \$447,661 | \$0 | \$3,281,971 | \$424,469 | \$0 | \$3,258,779 |
| State/Other Special | 2,834,310 | 447,661 | 0 | 3,281,971 | 424,469 | 0 | 3,258,779 |
| Total Funds | \$2,834,310 | \$447,661 | \$0 | \$3,281,971 | \$424,469 | \$0 | \$3,258,779 |

Significant Present Law Adjustments -

- Provide building codes education and training for building officials, design professionals and contractors in accordance with HB 245 passed by the 1999 Legislature

71 Health Facilities Authority
Jerry Hoover x5435

Program Description - The Health Facility Authority was created by the 1983 Legislature and is governed by a seven-member quasi-judicial board. The board members are appointed to four-year terms by the Governor with the advice and consent of the Senate. The purpose of the authority is to assist health care and health care related facilities in containing future health care costs by offering debt financing or refinancing at low-cost, tax-exempt interest rates for buildings and capital equipment. These cost savings are shared with the health care consumer in the form of lower health facility fees. Recently, the legislature extended eligible facilities to include community pre-release centers. The authority program is mandated in Title 90, Chapter 7 and Title 2, Chapter 15.

Proprietary Rates

Revenues and Expenses -

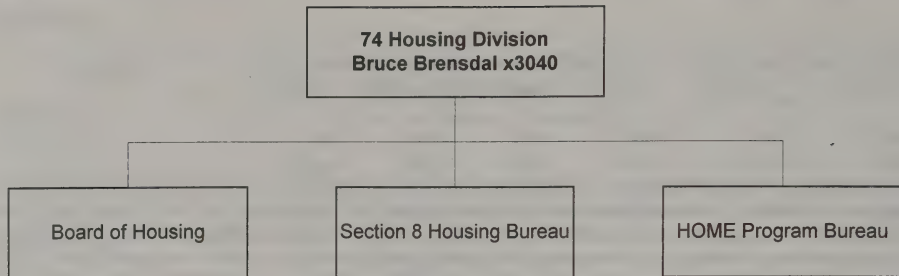
Change in Services or Fees: The authority has gradually reduced its application and annual administrative fee assessments contingent upon its business volume.

Working Capital Discussion: The 60 day Working Capital Calculation is not reasonably applicable to the Health Facilities Authority because the national bond rating agencies, national bond insurers and institutional investors expect the authority to reserve two years operating capital to assure them that it can financially operate between legislative sessions.

Fund Equity and Reserved Fund Balance: The Total Fund Equity requirement for FY 2000 (\$4,668,000) is derived from the Authority Program Reserve mandates as follows:

- A. Biennium Working Capital Reserve=\$458,000
- B. Capital Reserve Account (Loan Loss Reserve)=\$3,560,000
- C. Facility Direct Loan Program Reserve=\$650,000

Cash Flow Discussion: The authority has gradually reduced its application and annual administrative fee assessments contingent upon its business volume. However, it continues to carry a two year working capital reserve in order to respond to the forecasted extraordinary expenses and requirements.



Program Description - The Housing Division, established on July 1, 1995, consolidates all housing programs within the Department of Commerce into one division that includes the Home Investment Partnerships Program (HOME), the Section 8 Housing Program, and the Board of Housing and its programs. Division work is mandated primarily in Title 2, Chapter 15; Title 90, Chapters 1 and 6, MCA; 24 CFR 91, and 92; 24 CFR 5, 792, 813, 887, 982, and 984; and the Governor's Executive Order 27-81.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 23.00 | 1.50 | 0.00 | 24.50 | 1.50 | 0.00 | 24.50 |
| Personal Services | 599,574 | 274,738 | 0 | 874,312 | 281,020 | 0 | 880,594 |
| Operating Expenses | 369,468 | 532,185 | 0 | 901,653 | 379,707 | 0 | 749,175 |
| Equipment | 17,201 | 17,979 | 0 | 35,180 | 23,889 | 0 | 41,090 |
| Grants | 17,193,473 | 40,488,116 | 0 | 57,681,589 | 43,467,499 | 0 | 60,660,972 |
| Total Costs | \$18,179,716 | \$41,313,018 | \$0 | \$59,492,734 | \$44,152,115 | \$0 | \$62,331,831 |
| Federal Special | 18,179,723 | 41,313,011 | 0 | 59,492,734 | 44,152,108 | 0 | 62,331,831 |
| Proprietary | (7) | 7 | 0 | 0 | 7 | 0 | 0 |
| Total Funds | \$18,179,716 | \$41,313,018 | \$0 | \$59,492,734 | \$44,152,115 | \$0 | \$62,331,831 |

Significant Present Law Adjustments -

- Continue the Section 8 project and tenant housing assistance programs that were removed from the base budget as one-time-only appropriations by the 1999 Legislature
- Increase Section 8 federal funds by \$5.5 million and \$6.2 million each year, respectively

Proprietary Rates

Program Description -

Board of Housing:

The Montana Board of Housing was created by the Montana Housing Act of 1975. The board is an agency of the State and operates within the Department of Commerce for administrative purposes. Under the Housing Act the board does not receive appropriations from the State's general fund and is completely self-supporting. Substantially all of the funds for the board's operations and programs are provided by the private sector through the sale of tax-exempt bonds. The powers of the board are vested in a seven member board, appointed by the Governor, subject to the confirmation of the State Senate. The board provides policy direction to the agency staff, authorizes bond issues, approves development financing and evaluates board housing programs. These programs include the Single Family Program, Recycled Single Family Program, Multifamily Loan Programs, Low Income Housing Tax Credit Program and the Reverse Annuity Mortgage (RAM) Program.

Revenues and Expenses -

Charge for Services:

Single Family Charges:

According to state statute and, in some cases, the Internal Revenue Code, the board is allowed to earn the amounts that are presented on the "Report on Internal Service and Enterprise Funds". The board earns the bulk of its income from the spread between the interest yield on the Single Family Mortgage loans and the yield on the bonds. The board is allowed to earn 1 1/2 percent on Pre 1980 Single Family Programs and 1 1/8 percent on the Post 1980 Single Family Programs.

Financial institutions that originate Single Family loans for the board charge two points, which they keep. According to tax law, origination points must be included in the amount that the board can earn. Operating expenses and servicing fees must be paid from the 1 1/8 percent that Board is allowed to earn. Servicing fees are .375 percent of the mortgage principal balance. The board does not always receive the full 1 1/8 percent or 1 1/2 percent spread. The spreads for the last several bond issues were as follows:

| | | |
|------------------|------------------|-----------------|
| *1995B1-.8799% | *1997A2-1.08842% | *2000A-1.10302% |
| *1995B2-.8167% | *1998A-1.10078% | |
| *1996A-1.125% | *1998B-1.04678% | |
| *1997A1-1.39063% | *1999A-1.11985% | |

*Operating expenses and service fees further reduce the amount of these earnings. The earnings also include 2 points of origination fees that are not received by the board.

The 1 1/8 percent or 1 1/2 percent that the board can earn is based on certain assumptions at the time the bond issue is structured. One of the assumptions is that the loans will prepay at 100 percent of FHA. If the loans actually prepay faster, the board will not earn the initial spread that was calculated. The board only earns this spread if the loans are held for the amount of time that is originally estimated. If the loans prepay early, the money is invested and then is used to redeem bonds. When the mortgages pay off, the board has lost the ability to earn the spread between the mortgage yield and bond yield. Historically, prepayments on the majority of the loans have been over 100 percent, and we expect this trend to continue.

The board also charges a reservation fee of 1/2 of 1 percent of the loan amount reserved. This amount is included in the spread that the board can earn. These fees are capitalized and are amortized as income over the life of the loans, as required by generally accepted accounting principles. Extension fees and late fees are also, occasionally, charged. The majority of these fees are capitalized and amortized over the life of the loans. The extension fees are 1/4 of 1 percent of the loan amount. The amortization of these fees results in an average of approximately \$250,000 of income per year. These fees are deposited with the trustees and are used to originate new mortgages.

Multifamily Charges:

Multifamily Programs can earn 1 1/2 percent spread between the mortgage yield and the bond yield. On the last several issues, the board did not receive the full 1 1/2 percent spread. The spreads for the last four bond issues are as follows:

1992A-1.0677%
1996A-.826%
1998A-.28156572%
1999A-1.013963%

Servicing fees and operating expenses further reduce the amount of this spread.

It is possible that six loans may prepay in the Multifamily Program. There are two other loans that may prepay in the year 2005. If these loans prepay, bonds will be redeemed with the prepayments, and the board will no longer earn any spread on these loans. The board, currently, has received one prepayment on a mortgage. The prepayment funds, on that particular loan, were used to call bonds. In the 1992A bond issue, the board is currently using excess revenues to purchase loans at interest rates that are lower than the bond yield. This further reduces the amount of earnings in the Multifamily Program. Under the Multifamily Program, the board can charge a reservation fee, on new loans, of up to 1 percent of the principal balance. Normally, the board charges less than this amount.

Low Income Housing Tax Credit Charges:

The board receives approximately \$1.1 million dollars of tax credit allocation, annually. The board charges 4 1/2 percent of the amount of tax credit reserved. In the next biennium, reservation fee income is estimated to be approximately \$100,000 per year. The board is also required to monitor the projects that receive tax credits to determine if the projects are in compliance with tax credit regulations. The board charges \$20 per unit for compliance fees. The board has approximately 3,400 units. Approximately \$68,000 annually will be received during the biennium. Tax credit fees are charged to cover the operating expenses of the program.

Cash Assistance Program Charges (CAP) Charges:

CAP loans are used to assist borrowers with down payment costs. The rates on these loans range from 5 percent to 7 percent. The board does not receive the interest or the principal on these loans until the borrower sells their home. It is difficult to determine how much of the interest and principal will actually be received on these loans or when it will be received. If a loan goes into foreclosure, the principal and interest on these loans will not be received. The board has already experienced some losses on these loans. These loans are not guaranteed or insured.

Reverse Annuity Mortgage Loans (RAM) Charges:

Under the RAM program, elderly homeowners can receive monthly payments, for 10 years, to assist them with their living expenses. The loans accrue interest at 5 percent to 7 percent. The principal and interest is not due until the borrower dies or sells their home. It is difficult to determine how much of the interest and principal will actually be received on these loans or when it will be received. These loans are not guaranteed or insured.

Report on Revenues and Expenses:

Increase in Mortgage Income:

The board's mortgage income during the last five years has continued to increase. Part of the reason is because there are three Single Family bond issues (1992RA, 1995B & 1997A) that were structured to use loan prepayments and excess revenues to originate loans rather than to call bonds or pay debt service. These bond series have 40 year bonds rather than the typical 30 year bonds. These series do not have principal payments on the bonds for ten years, only interest is due. During first ten years of each bond issues, mortgages will be originated with prepayments and the excess revenues.

The board has continued to issue bonds each year to originate new mortgages. During fiscal years 1998, 1999 & 2000, the board issued bonds in the amounts of \$51,780,000, \$66,625,000 and \$157,555,000, respectively. It is anticipated mortgage revenue will continue to increase during the next biennium as the board continues to originate loans with prepayments, excess revenues and bond proceeds.

Investment Income:

The board anticipates that investment income may increase by \$500,000. In FY 2000, the board earned approximately \$11,000,000 on its investments. During the latter part of FY 2000, the board entered into an repurchase agreement on its Single Family II Indenture. Prior to this investment agreement, the board was earning 5.60 percent on its investments. The repurchase agreement is at 6.43 percent for 30 years. It is anticipated that this will result in an increase of approximately \$500,000 per year.

NOTE: For Post 1980 Single Family issues and Post 1986 Multifamily issues, investment earnings cannot exceed the yield on the bonds.

Increase in Fair Market Value:

The increase in fair value is a requirement of GASB 31. It requires that all investments be valued at fair value. During the first year that GASB 31 was implemented, the board recorded a gain of approximately \$2.8 million. In the last two years, the board has seen significant drops in the market value. The board does not intend to sell the long-term investments. If they are sold, we will receive the value of the investment on the day of the sale. This amount could be substantially different from the market value at June 30th. No increases or decreases in the fair value are estimated for FY 2001, 2002 or 2003. The market fluctuations are significant and it is impossible to estimate the value of the investments at any given time.

Operations & personal services:

Operations for the next biennium are anticipated to be approximately \$4.1 million for FY 2002 and \$4.5 for FY 2003. The operating expenses include the following:

Servicer fees:

\$2.2 million (FY 2002) \$2.4 million (FY 2003)

Operating expenses & personal services:

\$1.9 million (FY 2002) \$2.1 million (FY (2003)

The operations of the board include purchasing mortgage loans, receiving repayments and prepayments, investing funds, issuing and redeeming bonds. During fiscal year 1999, the board purchased \$95,049,674 in mortgages and received \$98,343,794 in mortgage repayments, prepayments and interest. The board paid interest and principal on bonds of \$95,644,292 and issued new bond proceeds in the amount of \$66,625,000. Purchases of investments were \$584,241,879 and maturities and sales were \$605,955,649. This was done with a staff of 16 FTE.

Miscellaneous Operating:

Miscellaneous operating includes the interest expense on bonds. It also includes the periodic amortization of the cost of issuance expense. The costs associated with issuing the bonds are expensed over the life of the bonds, as required by generally accepted accounting principles.

Over the last three years, the board has issued the following amount of bonds: 1998-\$51,780,000; 1999-\$66,625,000; 2000-\$157,555,000. The issuance of new debt has been greater than the maturities and redemptions of bonds. So, this has resulted in a higher debt service. The board anticipates that this increase in debt service will continue during the next biennium.

Fund Equity and Reserve Fund Balance. As stated in the board's financial statements, Note 1, Fund Accounting: Reserved Retained Earnings (pledged to bondholders) represent bond program funds that are required to be used for program purposes as prescribed by individual bond indentures. The following are restrictions on the Reserved Retained Earnings: Special trust funds and accounts within the indenture are pledged as collateral for the bonds under the individual program indentures; Reserve requirements on cash and investments; Mortgage loans receivable are also pledged as security for holders of the bonds; Certain indentures require asset-liability coverage ratios be met as well as cash flow certificates be furnished for any significant change anticipated in the financial structure of an indenture.

The Trust Indentures entered into by the board requires all mortgages, and all moneys and investments within the indentures are legally restricted to uses provided for in the indentures and fund balance associated with the indentures is legally required to be reserved for those uses.

In addition to the legal requirements mentioned above, the board commits funds to various projects and programs throughout the year. The board has set aside over \$150 million of first mortgage funds for special programs, and originates approximately \$20 million per year of new loans under this program (targeting income levels of approximately \$19,000). As of the end of FY 2000, the board had \$24,802,430 in outstanding Recycled Mortgage Program commitments.

In the Multifamily area, the board commits funds to projects around the state, with the intent to pool mortgages and issue bonds to fund mortgages and reimburse the board where it has advanced funds on some of the projects. As of the end of FY 2000, the board has multifamily project commitments of \$9,577,323, and has made 17 loans totaling \$4,306,990 since the program began in 1994, in addition to the original 8 mortgages totaling \$14,045,800.

In order to operate a more efficient Multifamily program, the board was awarded a rating of A2 for its General Obligation on April 8, 1997. In order to obtain the A2 rating, the board pledged that it will use any and all of the moneys, assets or revenues of the board to back bonds issued using the G.O. rating. All of the board's bond issues, with the exception of the Single Family III through X (issued from 1988-1992) hold the board's G.O. pledge.

The fund balance within the Housing Trust Fund is legally required to be reserved for security to the single family programs by Resolution 92-0821-S1, the Fifth Supplemental Trust Indenture for its Single Family II Indenture and by Resolution 93-0624-S2.

The board funds its RAM and CAP programs from the Housing Trust fund, because these are programs for which the board can not issue bonds. As of the end of FY 1999, the board has RAM and CAP loans with an outstanding principal balance and interest of \$858,293. Outstanding commitments from the Housing Trust Fund as of FY 1999 were \$130,909, for CAP programs, and \$1,039,076 for RAM.

The board's budget monies (those projected to be needed for the fiscal year operations) are drawn down from the indentures at the beginning of the fiscal year. These funds are legally pledged to the trust indentures from which they were drawn and any associated fund balance is reserved for the program from which the budgeted funds were withdrawn.

Management Objectives Regarding Fund Balance. The major component of the board fund balance (retained earnings) is its single family program. The board has been recycling repayments and prepayments of mortgages for several years. The board has committed these funds to special programs, at rates which are in many cases below the average coupon on the bonds. The average income on the special programs is less than \$19,000, whereas the average income on the board's regular bond programs is about \$31,000. The board intends to continue these special programs as they serve Montana citizens the board would not otherwise be able to serve.

Net income over and above bond debt service, operating costs, and servicing fees, is used to write down the rates on special programs or to fund programs such as the RAM Program for elderly, and the CAP which assist the lowest income home buyers. These programs can not be funded from direct bond proceeds as there is no repayment guarantee. In the Multifamily area, the board intends to continue to leverage its multifamily funds into new multifamily loans through the revolving pool so that loans can be completed in a timely and efficient manner.

The board is reviewed at the time of each bond issue by two rating agencies: Standard & Poor's, and Moody's Investor Services. In order to meet the cash flow tests, the board must have sufficient assets, earnings, and liquidity, to meet all bond interest and principal expenses, as well as pay operating expenses. The board just received an Aa2 from Moody's on its largest indenture. Standard & Poor's assigned a AA+ rating noting an increase in excess cash, fully-funded reserves and a blend of investments sufficient to support the rating on the bonds. The board's rating reflects the rates the board gets on its bonds, which is reflected in the mortgage rates passed on to first time home buyers in Montana. In 1990, the board purchased one in ten of the mortgages. In 2000, the board purchased one in four of these mortgages. The board's continuous funding (which was a goal of current management set in 1994) and steady, low interest rates, as well as the board's special programs, have contributed to this increase. In addition the increase in housing costs in Montana has made the need for lower interest rate financing even more profound.

Cash Flow Discussion-

Collection of mortgage payments & purchase of loans:

Each month the board receives funds from the financial institutions that service the board's Single Family and Multifamily loans. The funds include the amount of principal, interest, less servicing fees (.375 percent, .125 percent and .10 percent of the principal balance) that are due on the board loans. The money is collected by the board trustees. Twice monthly, the board purchases loans from new bond proceeds, prepayments or other revenues.

The board receives tax credit reservations fees when the tax credits are approved. These fees are deposited with the state treasurer and are used to cover expenses of the program. Reservations fees on the Single Family and Multifamily Programs are deposited with the trustees when the approved loans are reserved. They are deposited in the program acquisition account and are used to originate new mortgages.

Payment of Bond P & I:

Principal and interest, on the Multifamily and Single Family Bond issues, is due on each February 1, April 1, June 1, August 1, October 1 and December 1. During FY 1999, the board paid \$95,644,292 in principal and interest on the bonds.

This number includes scheduled principal and interest payments as well as bond redemptions from prepayments and excess reserves and other revenues. The amount of debt service paid will vary depending on the amount of prepayments received. Under the Single Family I and II Indentures, except for those series that were structured for recycling, each semiannual debt service date, the board determines how many prepayments have been received. The board uses the loan prepayments to redeem bonds in an amount equal to the prepayments received. In eight of the Trust

Indentures (Single Family III through X) all repayments, prepayments and investment income must, currently, be used to redeem the bonds each April 1 and October 1. The income cannot be used for any other purpose. Annually, the board reviews any other revenues and excess reserves in the Single Family programs and those amounts are also used to redeem bonds. The Multifamily Program has received prepayments on one loan and bonds were redeemed. In the future, there may be prepayments, and bonds will also be redeemed.

Investment of funds. In the Single Family I and II Indentures, the board invests the majority of prepayments and repayments of loans in repurchase agreements. The interest coming due on the agreements also coincides with a debt service date. In two of the series under the Single Family II Indenture, prepayments and any other revenues are used to originate loans that could not otherwise be originated under the tax laws. These two series do not have principal due on the bonds for the first ten years of the bond issue. These funds are normally invested based on the anticipated loan purchase dates. Under the Single Family I Indenture, a portion of prepayments and repayments are used to originate loans that do not meet the tax laws. These funds are currently invested in a repurchase agreement and withdrawn as the funds are needed for purchases.

The deposit of the initial bond proceeds, used for purchasing loans, is normally invested in a two year, fixed rate, repurchase agreement. As explained above, all funds received on Single Family III through X are used for bond calls and scheduled debt service. These funds are invested in 30 year Guaranteed Investment Contracts. All debt service reserve funds and mortgage reserve funds that must be held as security for the bondholders are invested in long-term securities, repurchase agreements or guaranteed investment contracts. Under the Multifamily Program, the funds are invested to the next debt service date or to a loan purchase date.

Other Mortgage Purchases:

The board also purchases Reverse Annuity Mortgage (RAM) and Cash Assistance loans (CAP). The RAM loans are not repaid until the borrower dies or sells their home. The CAP loans are not repaid until the borrower sells their home. These amounts are assets of the board and the interest is accrued monthly, but the program may not receive the principal and interest repayments for many years.

Operating Expenses:

The board draws funds for its budget annually from the amounts available within the Indentures. The amount of the approved budget, less any cash on hand, is withdrawn from the Indenture and is allocated among the various Indentures. These funds are pledged to the bondholders.

Significant Present Law -

- Automate the monthly loan account reconciliation using Cash Management software

New Proposals -

- Employ additional staff to deal with single-family and multi-family housing projects

75 Board of Investments
Carroll South x0001

Program Description - Board of Investments staff manage state funds in the Unified Investment program, established under Article VIII, Section 13 of the Montana Constitution. Local governments may invest in the Short-Term Investment Pool. The six investment pools listed below and several individual portfolios are managed.

1. Retirement Funds Bond Pool
2. Trust Funds Bond Pool
3. Short Term Investment Pool
4. Montana Stock Pool
5. Montana International Equity Pool
6. Montana Real Estate Pool

Annual audited financial statements are prepared for each investment pool. Investments not managed in pools are included in an "all other funds" financial statement. The In-State Investment Program consists of Montana residential mortgages and commercial loans. The board also issues bonds and lends the proceeds to eligible government agencies for a variety of purposes.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.50 | (0.50) | 0.00 | 0.00 | (0.50) | 0.00 | 0.00 |
| Personal Services | 13,078 | (13,078) | 0 | 0 | (13,078) | 0 | 0 |
| Operating Expenses | 19,901 | (19,901) | 0 | 0 | (19,901) | 0 | 0 |
| Total Costs | \$32,979 | (\$32,979) | \$0 | \$0 | (\$32,979) | \$0 | \$0 |
| State/Other Special | 32,979 | (32,979) | 0 | 0 | (32,979) | 0 | 0 |
| Total Funds | \$32,979 | (\$32,979) | \$0 | \$0 | (\$32,979) | \$0 | \$0 |

Proprietary Rates

Program Description -

Unified Investment Program:

The Board of Investments currently manages an investment portfolio with a market value of approximately \$8.6 billion under the "prudent expert principle." The board also invests local government funds at their discretion. To provide for diversification and reduced risk, the board manages several investment pools in which funds of similar types are invested. The Legislative Auditor audits the board annually. The board consists of nine members appointed by the Governor.

In-State Investments:

Section 17-6-305, MCA authorizes the board to invest up to 25 percent of the permanent coal tax trust fund to assist Montana's economic development. This "In-State Investment" program makes business loans from the trust in participation with financial institutions. The board lends trust fund monies to local governments to fund infrastructure that will serve job-creating businesses locating in the government jurisdiction. The May 2000 Special Legislative Session created a low-interest loan program also funded from the trust. The board purchases Montana mortgages with pension funds as part of the In-State Investment program.

INTERCAP Program:

The board sells bonds and lends the proceeds to eligible governments for a variety of projects. Loan terms range from one to ten years, and short-term loans to finance cash flow deficits or bridge financing are also available. The INTERCAP and In-State Investment programs were created in FY 1984 as part of the "Build Montana" program.

Revenues and Expenses -

Change in Services or Fees: There has been no significant change in the services provided by the Board of Investments from those provided in the last biennium, although the investment portfolio continues to grow in size. The legislature approved 29.00 FTE (26.00 funded from fund 06527, and 3.00 funded from fund 06014) in the last session, and there are proposals to permanently add 4.00 FTE in the 2003 biennium because of growth in the portfolios managed by the board.

Working Capital Discussion: The Board of Investments assesses its costs to the entities that use its services. Typically, this has been done by requesting a maximum level of expenditures similar to what occurs in HB 2. This process has worked very well since the passage of HB 576 and this methodology is continued in the 2003 biennium because it provides an easy comparison with historical financial activity.

Investment Programs (fund 06527): The revenue objective of the investment program is to assess the costs of operations to each portfolio the board invests while maintaining a reasonable and prudent 60-day working capital reserve.

Bond Programs (fund 06014): Nearly all bond program revenues are generated by the difference between interest rates on bonds sold and the interest rate charged on loans made to borrowers. Since these revenues are only received from the trustee on an annual basis, a 270 day fund balance is required to provide adequate funding for the bond program between draws. Remaining revenues are received monthly from the board contract with the Montana Health Facility Authority.

Other revenues, if any, not received by billings to client agencies (e.g. direct appropriations): The Board of Investments does not receive any direct appropriations. Revenue for fund 06527 is generated entirely from charges to each portfolio that the board invests and is used to finance the investment program. Revenue for fund 06014 is generated from the difference between the interest earned from loans to borrowers and interest paid to bond holders and monthly contract revenues received from the Montana Health Facility Authority. Non-budgeted revenues are used to finance statutorily appropriated debt service expenditures.

Fund Equity and Reserved Fund Balance. At the proposed level of expenditures, the board projects a FY 2003 ending unreserved fund balance of \$425,960, or approximately a 60 day working capital reserve for fund 06527.

Cash Flow Discussion. Costs to the entities using board services are typically assessed on a monthly basis for fund 06527. Since collections lag by at least one month, the board must maintain a nominal 60-day working capital reserve to meet ongoing operational expenses.

Revenues for fund 06014 are typically received on an annual basis, so a 270-day fund balance is required to provide adequate funding for the bond program between draws.

Rate Explanation -

Investment Programs (fund 06527): The revenue objective of the investment program is to assess the costs of operations to each portfolio the board invests, while maintaining a reasonable and prudent 60-day working capital reserve.

Bond Programs (fund 06014): Nearly all bond program revenues are generated by the difference between interest rates on bonds sold and the interest rate charged on loans made to borrowers. Since these revenues are only received from the trustee on an annual basis, a 270-day fund balance is required to provide adequate funding for the bond program between draws. Remaining revenues are received monthly from the board contract with the Montana Health Facility Authority.

77 Montana Lottery
Gerald LaChere x5825

Program Description - The Montana State Lottery designs and markets lottery games that allow players to purchase chances at winning a prize. The lottery presently offers a variety of games, some in cooperation with other lotteries through the Multi-State Lottery Association (MUSL). Montana Cash is exclusively a Montana lottery game. A five-member state lottery commission, appointed by the Governor, sets policy and oversees activities and procedures of the program. The Governor also appoints a lottery director who is responsible for coordinating the lottery's marketing, sales, operations, security and administrative efforts. By law, a minimum of 45 percent of the revenues derived from the sale of lottery tickets is distributed to prizes, but the actual overall prize distribution is over 50 percent of revenue. The remaining net revenue, after sales commissions and operating expenses, is deposited in the general fund on a quarterly basis. The Montana State Lottery is mandated primarily by Title 23, Chapter 7, MCA.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Transfer to General Fund (in millions) | \$ 6.60 | \$ 6.80 | \$ 5.80 | \$ 6.20 | \$ 6.60 | \$ 6.90 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 31.50 | 0.00 | 0.00 | 31.50 | 0.00 | 0.00 | 31.50 |
| Personal Services | 1,263,022 | (2,791) | 0 | 1,260,231 | 9,004 | 0 | 1,272,026 |
| Operating Expenses | 5,201,527 | 916,016 | 437,000 | 6,554,543 | 1,068,575 | 661,000 | 6,931,102 |
| Equipment | 46,677 | 321,870 | 0 | 368,547 | (28,977) | 0 | 17,700 |
| Debt Service | 231,724 | 913,854 | 0 | 1,145,578 | 913,853 | 0 | 1,145,577 |
| Total Costs | \$6,742,950 | \$2,148,949 | \$437,000 | \$9,328,899 | \$1,962,455 | \$661,000 | \$9,366,405 |
| Proprietary | 6,742,950 | 2,148,949 | 437,000 | 9,328,899 | 1,962,455 | 661,000 | 9,366,405 |
| Total Funds | \$6,742,950 | \$2,148,949 | \$437,000 | \$9,328,899 | \$1,962,455 | \$661,000 | \$9,366,405 |

Significant Present Law Adjustments -

- Expand the public relations outreach for the Montana Lottery
- Purchase additional on-line gaming system terminals improved with new technology
- Conduct on-going research related to Lottery games, markets, and product appeal
- Provide product support to Montana Lottery retailers

New Proposals -

- Expand the selection of scratch Lottery tickets
- Add new on-line games to the Montana Lottery program

78 Horse Racing Bureau
Sam Murfit x4287

Program Description - The Board of Horse Racing program is responsible for 1) regulating the live and simulcast horse racing industry; 2) ensuring compliance by the approximately 3,500 licensees with state laws and board rules; 3) licensing all racing personnel, establishing race dates for various communities, establishing veterinary practices and standards in connection with horse racing meets; and 4) the auditing, supervision, and investigations related to the pari-mutuel racing system in Montana. The program work is mandated in Title 2, Chapter 15, and Title 23, Chapter 4, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 3.78 | 0.00 | 0.00 | 3.78 | 0.00 | 0.00 | 3.78 |
| Personal Services | 105,333 | 36,197 | 0 | 141,530 | 37,226 | 0 | 142,559 |
| Operating Expenses | 93,117 | 6,712 | 0 | 99,829 | 6,319 | 0 | 99,436 |
| Equipment | 0 | 599 | 0 | 599 | 0 | 0 | 0 |
| Total Costs | \$198,450 | \$43,508 | \$0 | \$241,958 | \$43,545 | \$0 | \$241,995 |
| State/Other Special | 198,450 | 43,508 | 0 | 241,958 | 43,545 | 0 | 241,995 |
| Total Funds | \$198,450 | \$43,508 | \$0 | \$241,958 | \$43,545 | \$0 | \$241,995 |

CONSUMER AFFAIRS

79 Office of Legal & Consumer
Affairs
Annie Bartos x3553

Program Description - The Consumer Affairs Office, in accordance with Title 30, Chapter 14, Title 45, Chapter 8, and Title 61, Chapter 4, MCA, advocates on the behalf of Montana consumers in matters of unfair or deceptive acts in the conduct of any business. The office investigates consumer complaints and provides for an informal mediation process for consumer complaints against businesses. The office enforces Montana consumer protection laws and regulations relating to telemarketing, personal solicitation of sales, New Motor Vehicle Warranty Act, Consumer Protection Act, and the Unfair Trade Practices Act. The office ensures a healthy business environment by preventing groundless consumer complaints against Montana businesses and providing those businesses with the opportunity to resolve legitimate consumer complaints in a manner resulting in stronger business relationships with consumers.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 5.25 | 0.00 | 0.00 | 5.25 | 0.00 | 0.00 | 5.25 |
| Personal Services | 165,703 | 41,476 | 0 | 207,179 | 43,787 | 0 | 209,490 |
| Operating Expenses | 102,250 | 93,182 | 0 | 195,432 | 92,317 | 0 | 194,567 |
| Equipment | 0 | 2,156 | 0 | 2,156 | 0 | 0 | 0 |
| Total Costs | \$267,953 | \$136,814 | \$0 | \$404,767 | \$136,104 | \$0 | \$404,057 |
| General Fund | 243,246 | 30,167 | 56,354 | 329,767 | 29,457 | 56,354 | 329,057 |
| State/Other Special | 24,707 | 106,647 | (56,354) | 75,000 | 106,647 | (56,354) | 75,000 |
| Total Funds | \$267,953 | \$136,814 | \$0 | \$404,767 | \$136,104 | \$0 | \$404,057 |

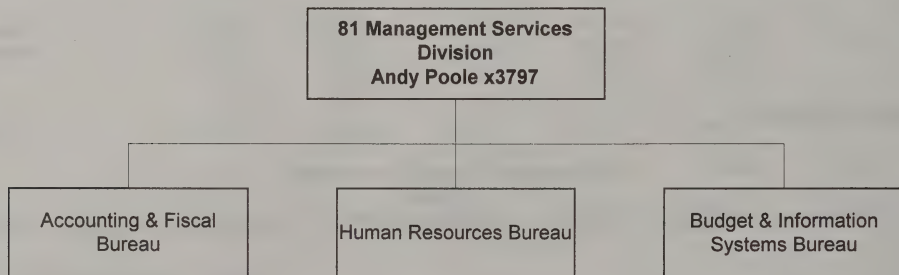
Significant Present Law Adjustments -

- Provide consumer education using proceeds from class action lawsuits filed on behalf of Montana consumers

New Proposals -

- Change balance of funding for telemarketing fraud from state special revenue to general fund
- Shift funding of the Lemon Law Program from state special revenue to general fund due to passage of HB 540 referendum

DIRECTOR/MANAGEMENT SERVICES



Program Description - The Director's Office/Management Services Division consists of two programs - the Director's Office and the Management Services Division. The Director's Office assists the department with executive, administrative, legal, and policy guidance. This office acts as the liaison among private business, local governments, administratively attached boards, public and private interest groups, the legislature, Indian tribes, individuals, and the Governor's office. The Management Services Division provides internal support to all agency divisions, bureaus, and programs. Services provided by the Management Services Division include accounting and fiscal, budgeting and information systems, contracting and purchasing, human resources, payroll, and training.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 0 | 346,850 | 0 | 346,850 | 266,350 | 0 | 266,350 |
| Total Costs | \$0 | \$346,850 | \$0 | \$346,850 | \$266,350 | \$0 | \$266,350 |
| General Fund | 0 | 99,100 | 0 | 99,100 | 76,100 | 0 | 76,100 |
| State/Other Special | 0 | 173,425 | 0 | 173,425 | 133,175 | 0 | 133,175 |
| Federal Special | 0 | 74,325 | 0 | 74,325 | 57,075 | 0 | 57,075 |
| Total Funds | \$0 | \$346,850 | \$0 | \$346,850 | \$266,350 | \$0 | \$266,350 |

Proprietary Rates

Revenues and Expenses -

Change in Services or Fees. There has been no significant change in the services provided to supported programs, or appreciable change in fees from the last biennium. (1999 biennium 9.68 percent, 2001 biennium 9.85 percent, and a 2003 biennium requested rate of 10.25 percent) There were 22.50 FTE permanently funded through indirect charges to supported programs in FY 2000, and there are proposals to add 2.00 FTE in the 2003 biennium.

Working Capital Discussion. The indirect cost rate is calculated by dividing the projected annual expenditures of the Director's Office/Management Services Division, plus a nominal working capital reserve, by the projected actual personal services amounts estimated to be incurred by supported programs. Federally-funded programs are allocated indirect costs via a federally-approved indirect cost rate, while state funded programs are allocated indirect costs via a legislatively-approved indirect cost rate.

Indirect costs are charged to all supported programs on a monthly basis and, since indirect cost collections lag by at least one month, the division must maintain a nominal working capital reserve to meet operating costs.

Fund Equity and Reserved Fund Balance. At the proposed 10.25 percent rate, the department projects a FY 2003 ending unreserved fund balance of \$170,567, or approximately a 43-day working capital reserve.

Cash Flow Discussion. Indirect costs are charged to all supported programs on a monthly basis.

Rate Explanation -

The revenue objective of this unit is to maintain the lowest possible indirect cost charge to supported divisions, bureaus, and programs while attempting to maintain a nominal working capital reserve. Indirect costs are charged to divisions, bureaus, and programs on a monthly basis. For example, January's indirect costs would be charged to supported divisions, bureaus, and programs in February. Since indirect cost collections lag by at least one month it is necessary to maintain a reasonable and prudent working capital reserve to meet on going operational expenses. The department has historically used the same methodology in calculating indirect rates because the federal government requires it to be used to charge federally-funded programs indirect costs. The rates proposed for the 2003 biennium are the most reasonable and appropriate available because they most closely match the fees commensurate with costs methodology, while maintaining a minimal working capital reserve, and meeting federal requirements.

New Proposals -

- Hire 2.00 FTE to work on the department website and human resource management



PUBLIC SAFETY AND JUSTICE

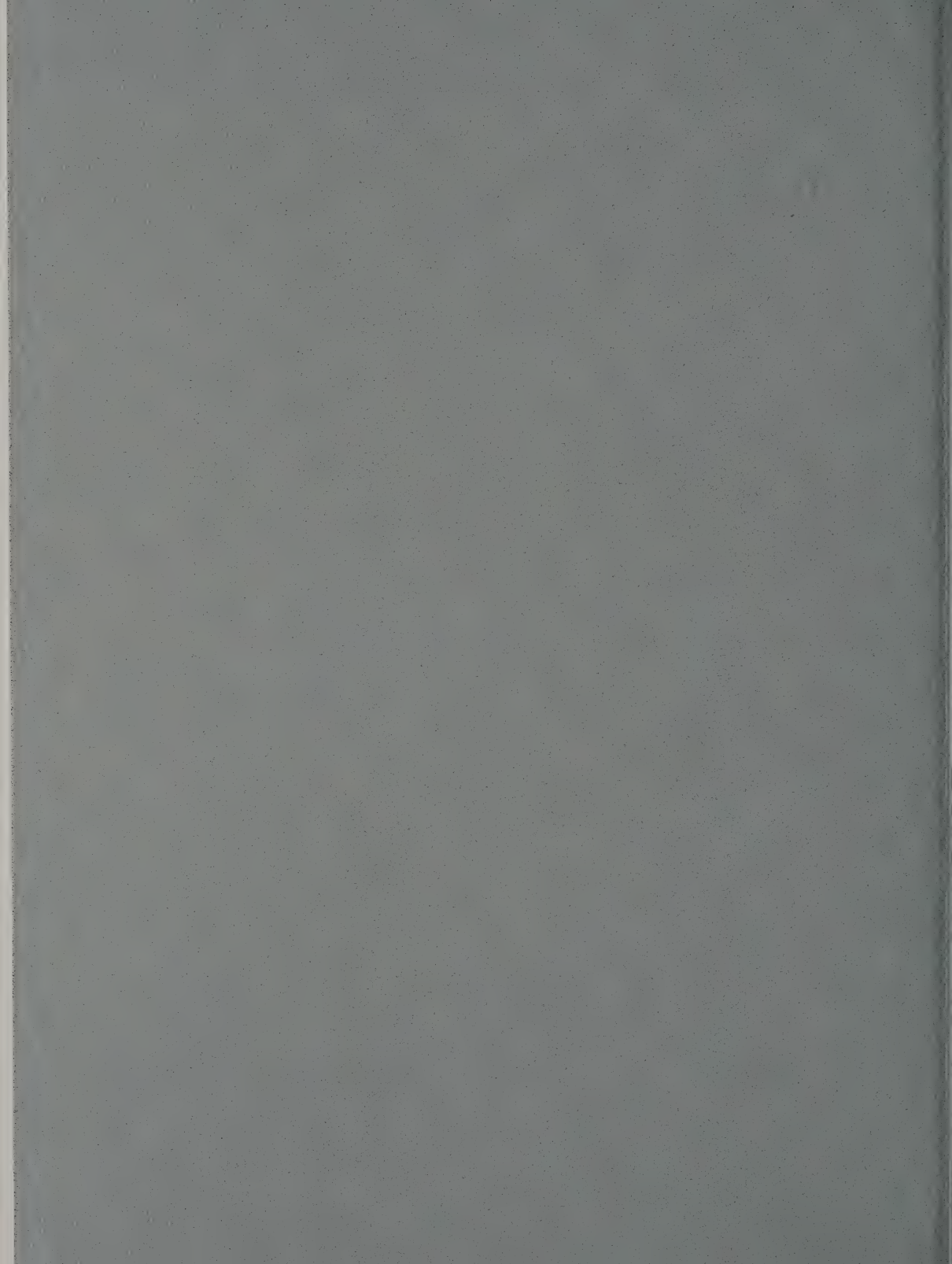
Crime Control Division
Justice
Public Service Regulation

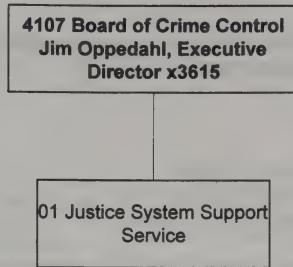
Corrections
Labor & Industry
Military Affairs

OBPP Staff*

| | |
|------------------|-------|
| Doug Booker | x4895 |
| Mary LaFond | x4892 |
| Mary Beth Linder | x4899 |

*See Reference Page 1 for specific staff assignments





Mission Statement - To promote public safety, crime prevention, and victim assistance by strengthening the coordination and performance of both the criminal justice and juvenile justice systems in partnership with citizens, government, and communities.

Statutory Authority - 2-15-2006 and 44-4-301, MCA, create and define the board; 41-5-1001, MCA, grants for youth detention services; Title 53, Chapter 9, part 1, MCA, Victims Compensation Act; 42 USC 4760 Anti-Drug Abuse Act; 42 USC 10603 Victims of Crime Act; 42 USC 3796 Stop Violence Against Women Act; 42 USC 3701 National Criminal History Improvement Program; 42 USC 5601 Juvenile Justice and Delinquency Prevention Act; and USC 13701 Violent Crime Control and Law Enforcement Act.

Program Description - The Montana Board of Crime Control is the state's designated planning and program development agency for the criminal justice system. The Crime Control Division provides financial support, technical assistance, and supportive services to state and local criminal justice agencies. The board provides funding to local, regional and statewide projects with the central goal of making Montana a safer state.

The Crime Control Division administers federal anti-drug and anti-crime grants, certifies peace officers and others in the Criminal Justice system, provides funding for juvenile justice programs and provides assistance and compensation to victims of crime. It also collects and analyzes crime data from Montana law enforcement agencies and publishes the annual Crime in Montana report. The division is established in 2-15-2006, MCA.

Language Recommendations-

"All remaining federal pass-through grant appropriations, including reversions, for the 2001 biennium are authorized to continue into FY 2002 and FY 2003."

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 21.00 | 3.00 | 0.00 | 24.00 | 3.00 | 0.00 | 24.00 |
| Personal Services | 814,971 | 122,311 | 0 | 937,282 | 127,937 | 0 | 942,908 |
| Operating Expenses | 455,474 | 84,775 | 18,000 | 558,249 | 81,264 | 18,000 | 554,738 |
| Equipment | 7,014 | 486 | 0 | 7,500 | 6,486 | 0 | 13,500 |
| Grants | 8,671,100 | 1,277,055 | 692,000 | 10,640,155 | 1,277,055 | 692,000 | 10,640,155 |
| Benefits & Claims | 807,017 | 0 | 0 | 807,017 | 0 | 0 | 807,017 |
| Total Costs | \$10,755,576 | \$1,484,627 | \$710,000 | \$12,950,203 | \$1,492,742 | \$710,000 | \$12,958,318 |
| General Fund | 2,511,110 | 89,436 | 0 | 2,600,546 | 100,819 | 0 | 2,611,929 |
| Federal Special | 8,244,466 | 1,395,191 | 710,000 | 10,349,657 | 1,391,923 | 710,000 | 10,346,389 |
| Total Funds | \$10,755,576 | \$1,484,627 | \$710,000 | \$12,950,203 | \$1,492,742 | \$710,000 | \$12,958,318 |

**CRIME CONTROL DIVISION
JUSTICE SYSTEM SUPPORT SERVICE**

**4107
01**

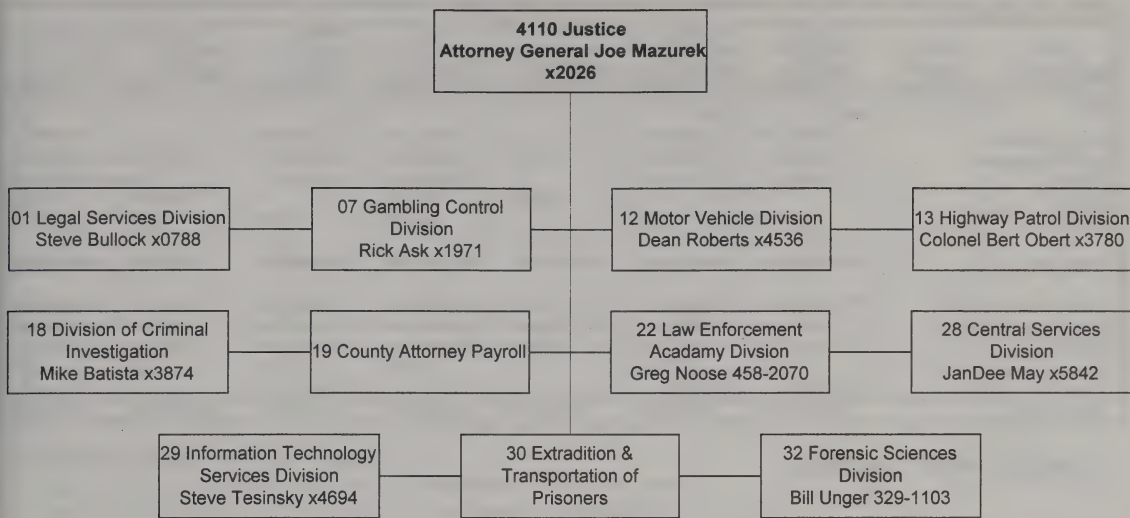
Significant Present Law Adjustments -

- Increase subgrant 2.00 FTE fiscal support for 17 agency operations and 17 federal block grant programs
- Expand Crime Victims Compensation Program staff by 1.00 FTE
- Increase office rent due to relocation
- Contract for computer network services
- Replace computer network equipment
- Use Motor Pool lease program to replace two vehicles
- Contract to facilitate Juvenile Detention Program coordination
- Increase spending authority for federal pass through grants

The Crime Control Division administers federal anti-drug, anti-crime and victim assistance grants, which increase by \$1,297,055 each year of the 2003 biennium. The board provides funding to local , regional and statewide projects with the central goal of making Montana a safer state.

New Proposals -

- Administer \$342,000 federal funds each year for awards to local governments for underage drinking program
- Expand Residential Substance Abuse Programs for juveniles and adults with \$350,000 federal funds per year



Mission Statement - The Department of Justice will pursue activities and programs that seek to ensure and promote the public interest, safety and well-being through leadership, advocacy, education, regulation, and enforcement.

Statutory Authority - 2-15-501, 2-15-2001 through -2021, and Title 44, MCA.

Executive Budget Recommendation –

- Adjust base budgets
- Fund Title and Registration Bureau imaging project
- Dedicated purchase of additional data collection units in HB 15
- Study the Title and Registration and Driver Licensing computer applications

Language - The following HB 2 language is recommended:
"The department is authorized to transfer the retirement contributions provided in 19-6-404 and 61-5-121(a) in fiscal years 2002 and 2003 from the highway patrol retirement clearing account in the state special revenue fund to the Montana highway patrol officers' retirement pension fund. An appropriation must be established each year in the amount \$1 million or more if necessary to meet statutory requirements."

"The legislature recognizes that the costs associated with litigation in which the legal services division is required to provide representation to the state of Montana may exceed the appropriation provided. In that event, the department will need to request a supplemental appropriation from the 2003 legislature to adequately represent the state."

"The appropriations for legislative contract authority are subject to all of the following provisions:
1) legislative contract authority applies only to federal and private funds.
2) legislative contract authority expenditures must be reported on the state accounting records and kept separate from present law operations. In preparing the 2005 biennium executive budget, the office of budget and program planning may not include expenditures from the item in the present law base.
3) a report must be submitted by the department to the legislative fiscal analyst following the end of each fiscal year, listing legislative contract authority grants received and the amount of expenditures and FTE for each grant."

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 700.95 | 10.25 | 0.00 | 711.20 | 10.25 | 0.00 | 711.20 |
| Personal Services | 27,780,269 | 2,837,254 | 0 | 30,617,523 | 3,128,404 | 0 | 30,908,673 |
| Operating Expenses | 13,684,875 | 1,675,706 | 331,500 | 15,692,081 | 1,704,641 | 181,500 | 15,571,016 |
| Equipment | 1,783,827 | 386,463 | 0 | 2,170,290 | 510,013 | 0 | 2,293,840 |
| Transfers | 0 | 0 | 850,000 | 850,000 | 0 | 850,000 | 850,000 |
| Debt Service | 617,569 | 2,600 | 0 | 620,169 | 2,600 | 0 | 620,169 |
| Total Costs | \$43,866,540 | \$4,902,023 | \$1,181,500 | \$49,950,063 | \$5,345,658 | \$1,031,500 | \$50,243,698 |
| General Fund | 21,562,997 | 2,467,091 | 312,500 | 24,342,588 | 2,607,445 | 162,500 | 24,332,942 |
| State/Other Special | 19,881,780 | 2,042,150 | 38,454 | 21,962,384 | 2,333,130 | 38,454 | 22,253,364 |
| Federal Special | 2,399,789 | 389,663 | 830,546 | 3,619,998 | 403,234 | 830,546 | 3,633,569 |
| Proprietary | 21,974 | 3,119 | 0 | 25,093 | 1,849 | 0 | 23,823 |
| Total Funds | \$43,866,540 | \$4,902,023 | \$1,181,500 | \$49,950,063 | \$5,345,658 | \$1,031,500 | \$50,243,698 |

LEGAL SERVICES DIVISION

01 Legal Services Division
Steve Bullock x0788

Program Description - The Legal Services Division provides 1) the Attorney General with legal research and analysis; 2) legal counsel for state government officials, bureaus, and boards; 3) legal assistance to local governments and Indian tribes; and 4) legal assistance, training, and support for county prosecutors.

Indian Legal Jurisdiction provides representation and coordination of trial and appellate lawsuits involving the State of Montana and the Indian tribes, supervision of private attorneys contracted by the state to assist with those cases, and advice to state agencies on questions involving Indian legal matters.

County Prosecutor Services provides special prosecution assistance to counties in the prosecution and disposition of major felonies and in cases in which county attorneys or city attorneys have conflicts of interest. County Prosecutor Services also provides prosecutor services to the Eastern Coal Counties Drug Task Force and the Western Montana Special Investigation Section and coordinates training and continuing legal education for county attorneys, city attorneys, and law enforcement personnel.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|---------------|---------------|---------------|------------------|------------------|------------------|
| Criminal Appeals & Complex Civil Litigation - New Cases Opened | 243 | 305 | 324 | 340 | 340 | 340 |
| AG Opinions & Advisory Letters Issued | 20 | 19 | 15 | 15 | 15 | 15 |
| Assistance/Training to County Attorneys - New Matters Opened | 96 | 147 | 175 | 185 | 185 | 185 |
| Legal Assistance to State Agencies - New Cases Opened (ALS & Bankruptcy) | 136 | 378 | 324 | 350 | 350 | 350 |

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 46.25 | 0.50 | 0.00 | 46.75 | 0.50 | 0.00 | 46.75 |
| Personal Services | 2,128,540 | 317,166 | 0 | 2,445,706 | 330,093 | 0 | 2,458,633 |
| Operating Expenses | 612,855 | 227,625 | 0 | 840,480 | 234,671 | 0 | 847,526 |
| Equipment | 6,890 | 0 | 0 | 6,890 | 0 | 0 | 6,890 |
| Debt Service | 1,391 | 0 | 0 | 1,391 | 0 | 0 | 1,391 |
| Total Costs | \$2,749,676 | \$544,791 | \$0 | \$3,294,467 | \$564,764 | \$0 | \$3,314,440 |
| General Fund | 2,407,043 | 417,793 | 31,000 | 2,855,836 | 435,949 | 31,000 | 2,873,992 |
| State/Other Special | 279,238 | 38,165 | (31,000) | 286,403 | 39,519 | (31,000) | 287,757 |
| Federal Special | 63,395 | 88,833 | 0 | 152,228 | 89,296 | 0 | 152,691 |
| Total Funds | \$2,749,676 | \$544,791 | \$0 | \$3,294,467 | \$564,764 | \$0 | \$3,314,440 |

Significant Present Law Adjustments -

- Adjust base budget for the Legal Services Division
- Add 0.50 FTE administrative support at no cost
- Audit non-participating tobacco manufacturers in accordance with law passed and approved last session
- Maintain the major state litigation biennial appropriation at \$500,000

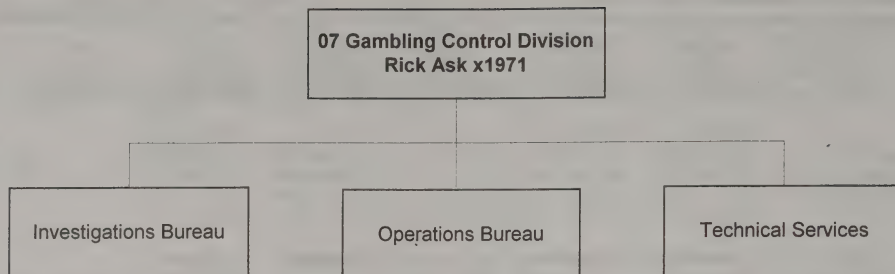
New Proposals -

- Decrease State Fund position to half time and increase other prosecution staff by a like amount

AGENCY LEGAL SERVICES

Proprietary Rates

Program Description -The Agency Legal Services Bureau provides legal assistance to state agencies on a contractual basis. The bureau is funded on a proprietary basis, charging hourly fees and case-related costs to client agencies. Services include litigation, hearing examiner work, and general counsel. The Bankruptcy Program, which is attached to this bureau, also provides legal services to state agencies on a contractual basis in the area of bankruptcy and collections. The rates for legislative action are contained in the proprietary table for fund 06500 and fund 06535 in Section R.



Program Description - The Gambling Control Division was established by the 1989 Legislature to regulate the gambling industry in Montana. The division has criminal justice authority and conducts routine field inspections and investigations related to gambling activities. In addition to collecting licensing fees for gambling machines and activities, the division is responsible for collecting and distributing the gambling tax assessed on the net proceeds of gambling activities, and investigative functions relating to alcoholic beverage licensing and tobacco enforcement. The gambling control program operates as a state mandate. An appointed gaming advisory council of nine members provides advisory services to the Attorney General to ensure uniform statewide regulation of gambling activities.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| VGM* Tax Collected | \$36.7M | \$38.0M | \$40.5M | \$41.4M | \$42.4M | \$43.4M |
| Gambling Permits | 19,324 | 19,994 | *19,915 | 20,373 | 20,842 | 21,321 |
| Liquor & Gambling License Investigations | 788 | 795 | 688 | 704 | 720 | 737 |

*The decrease in gambling permits issued was due to a decrease in video gambling machine permits issued. The department has been informed by gambling operators that the reason for the decrease was that they were waiting for the Automated Accounting and Reporting System to be designed and a contract signed before they were going to invest in new machines or lease new machines in a location. Not all of the Montana approved models were going to be supported by manufacturers to link to the automated system. The system has been designed; all of the machine models manufacturers will support to link to the system have been identified; and a contract was recently signed with a system vendor. Therefore, we should see a correction back to growth trends projected for the '99 session in FY01 and future years.

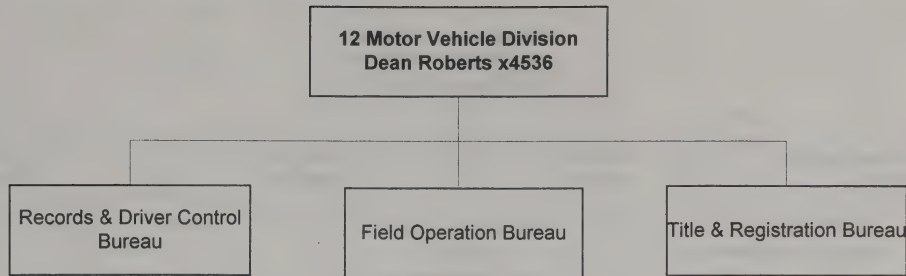
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 47.00 | 2.00 | 0.00 | 49.00 | 2.00 | 0.00 | 49.00 |
| Personal Services | 1,890,222 | 188,803 | 0 | 2,079,025 | 200,893 | 0 | 2,091,115 |
| Operating Expenses | 960,550 | 117,826 | 50,000 | 1,128,376 | 146,035 | 50,000 | 1,156,585 |
| Equipment | 56,418 | 0 | 0 | 56,418 | (12,250) | 0 | 44,168 |
| Debt Service | 138 | 0 | 0 | 138 | 0 | 0 | 138 |
| Total Costs | \$2,907,328 | \$306,629 | \$50,000 | \$3,263,957 | \$334,678 | \$50,000 | \$3,292,006 |
| General Fund | 901,388 | 58,734 | 0 | 960,122 | 64,572 | 0 | 965,960 |
| State/Other Special | 2,005,940 | 247,895 | 50,000 | 2,303,835 | 270,106 | 50,000 | 2,326,046 |
| Total Funds | \$2,907,328 | \$306,629 | \$50,000 | \$3,263,957 | \$334,678 | \$50,000 | \$3,292,006 |

Significant Present Law Adjustments -

- Adjust base budget to annualize Gambling Control Division operating expenses
- Add FTE as approved last session for the newly-operational Automated Accounting and Reporting System

New Proposals -

- Install a document imaging system to improve efficiency



Program Description - The Motor Vehicle Division (MVD), under provision of Title 61 and Title 23, MCA, and certain federal statutes is responsible for: 1) examination and licensure of all drivers; 2) creation and maintenance of permanent driver and motor vehicle records; 3) titling and registration of all vehicles including boats, snowmobiles and ATVs; 4) inspection and verification of vehicle identification numbers; 5) licensure and compliance control of motor vehicle dealers and manufacturers; and 6) providing motor voter registration.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|----------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Vehicle Titles Issued | 410,008 | 435,093 | 496,969 | 506,900 | 517,000 | 527,000 |
| Vehicle Registrations | 1,017,593 | 1,242,028 | 1,442,128 | 1,514,200 | 1,589,900 | 1,669,300 |
| Driver Licenses Issued | 197,192 | 195,596 | 155,648 | 143,560 | 146,430 | 149,360 |
| Convictions Entered on Record | 88,878 | 123,647 | 106,315 | 105,500 | 106,000 | 106,500 |

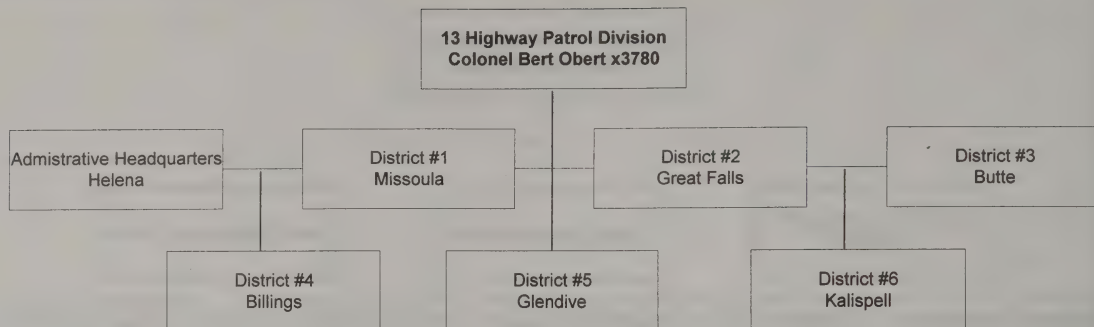
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 160.60 | 0.00 | 0.00 | 160.60 | 0.00 | 0.00 | 160.60 |
| Personal Services | 4,421,596 | 288,650 | 0 | 4,710,246 | 316,321 | 0 | 4,737,917 |
| Operating Expenses | 3,433,169 | 329,177 | 281,500 | 4,043,846 | 361,491 | 131,500 | 3,926,160 |
| Equipment | 16,671 | 0 | 0 | 16,671 | 0 | 0 | 16,671 |
| Debt Service | 148,276 | 0 | 0 | 148,276 | 0 | 0 | 148,276 |
| Total Costs | \$8,019,712 | \$617,827 | \$281,500 | \$8,919,039 | \$677,812 | \$131,500 | \$8,829,024 |
| General Fund | 7,616,656 | 617,827 | 281,500 | 8,515,983 | 677,812 | 131,500 | 8,425,968 |
| State/Other Special | 403,056 | 0 | 0 | 403,056 | 0 | 0 | 403,056 |
| Total Funds | \$8,019,712 | \$617,827 | \$281,500 | \$8,919,039 | \$677,812 | \$131,500 | \$8,829,024 |

Significant Present Law Adjustments -

- Adjust base budget for the Records and Driver Control Bureau
- Annualize operating expenses for the Title and Registration Bureau
- Change statutory appropriation for transfer of motor vehicle registration fees to the retirement fund

New Proposals -

- Replace antiquated microfilming with imaging at the Title and Registration Bureau
- Study motor vehicle title and registration and the driver licensing computer applications



Program Description - The Highway Patrol Division (HPD) is responsible for patrolling the highways of Montana, enforcing traffic laws, and investigating traffic accidents. The patrol gives assistance and information to motorists and first aid to those injured in traffic accidents, transports blood and medical supplies in emergency situations, and assists other law enforcement agencies when requested. The patrol provides 24-hour, seven-day-a-week communication and radio dispatch for the Highway Patrol and other state agencies. The Motor Carrier Safety Assistance program (MCSAP) attempts to reduce commercial motor vehicle accidents in the state by participating in the Commercial Vehicle Safety Alliance (CVSA) and its North American Driver/Vehicle Inspection program in all levels of inspections as well as safety review audits.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|----------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Calls for Service | 71,654 | 69,870 | 71,404 | 71,500 | 71,800 | 72,000 |
| Injury Crashes | 3,412 | 3,344 | 3,530 | 3,691 | 3,817 | 3,969 |
| Fatality Crashes | 239 | 177 | 211 | 211 | 211 | 211 |
| Com. Vehicle Crashes | 881 | 1,065 | 1,076 | 1,076 | 1,076 | 1,076 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 270.55 | 3.00 | 0.00 | 273.55 | 3.00 | 0.00 | 273.55 |
| Personal Services | 11,435,943 | 1,120,999 | 0 | 12,556,942 | 1,273,772 | 0 | 12,709,715 |
| Operating Expenses | 4,479,609 | 466,691 | 0 | 4,946,300 | 511,934 | 0 | 4,991,543 |
| Equipment | 1,371,949 | 251,270 | 0 | 1,623,219 | 394,070 | 0 | 1,766,019 |
| Transfers | 0 | 0 | 150,000 | 150,000 | 0 | 150,000 | 150,000 |
| Total Costs | \$17,287,501 | \$1,838,960 | \$150,000 | \$19,276,461 | \$2,179,776 | \$150,000 | \$19,617,277 |
| General Fund | 1,042,073 | 37,706 | 0 | 1,079,779 | 70,723 | 0 | 1,112,796 |
| State/Other Special | 15,552,254 | 1,675,390 | 0 | 17,227,644 | 1,976,448 | 0 | 17,528,702 |
| Federal Special | 693,174 | 125,864 | 150,000 | 969,038 | 132,605 | 150,000 | 975,779 |
| Total Funds | \$17,287,501 | \$1,838,960 | \$150,000 | \$19,276,461 | \$2,179,776 | \$150,000 | \$19,617,277 |

Significant Present Law Adjustments -

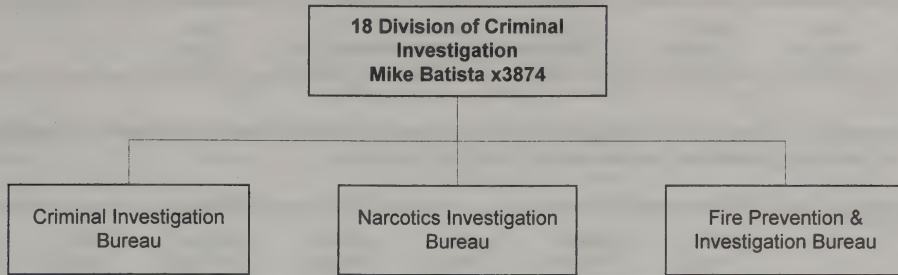
- Restore overtime and ensure operating expense adjustments for the Highway Patrol
- Provide zero-based overtime and adjustments in operating expenses for the Motor Vehicle Inspection Bureau
- Fund the Recruit Training School annualized costs
- Add three communication operators for the Highway Patrol dispatch centers

New Proposals -

- Allow legislative contract authority (LCA) for federal funds in HB 2 for the Highway Patrol

Language Recommendations -

- Transfer of retirement contribution to the highway patrol retirement account language appropriation



Program Description - The Division of Criminal Investigation includes the administration, management, and coordination of criminal investigative services performed by the Investigations Bureau, the Narcotics Bureau, and the Fire Prevention and Investigation Bureau. Criminal investigators conduct criminal investigations of homicide, fraud, robbery, assault, corruption, arson, organized crime, dangerous drug activity, and other felony crimes. The program activity includes conducting criminal investigations of state agencies and providing investigative training to law enforcement officers. The division also has specialized criminal investigation units for the following fraud investigation: 1) workers' compensation, 2) public assistance, 3) Medicaid, and 4) legislative audits. The Fire Prevention and Investigation Bureau is responsible for safeguarding life and property from fire, explosion, and arson through investigative, inspection, and fire code interpretation and enforcement functions. The Division of Criminal Investigation operates under both state and federal mandates.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Investigations/cases | 543 | 528 | 596 | Can't Predict | Can't Predict | Can't Predict |
| Fire/Life Safety Inspections | 973 | 837 | 620 | Can't Predict | Can't Predict | Can't Predict |
| Training Provided to Local Agencies | 75 | 67 | 93 | Can't Predict | Can't Predict | Can't Predict |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 60.50 | 0.00 | 0.00 | 60.50 | 0.00 | 0.00 | 60.50 |
| Personal Services | 2,608,277 | 156,618 | 0 | 2,764,895 | 172,936 | 0 | 2,781,213 |
| Operating Expenses | 1,001,227 | 88,212 | 0 | 1,089,439 | 93,446 | 0 | 1,094,673 |
| Equipment | 79,503 | 15,000 | 0 | 94,503 | 15,000 | 0 | 94,503 |
| Transfers | 0 | 0 | 150,000 | 150,000 | 0 | 150,000 | 150,000 |
| Debt Service | 275 | 0 | 0 | 275 | 0 | 0 | 275 |
| Total Costs | \$3,689,282 | \$259,830 | \$150,000 | \$4,099,112 | \$281,382 | \$150,000 | \$4,120,664 |
| General Fund | 2,214,742 | 224,015 | 0 | 2,438,757 | 238,359 | 0 | 2,453,101 |
| State/Other Special | 355,806 | (3,556) | (30,546) | 321,704 | (2,300) | (30,546) | 322,960 |
| Federal Special | 1,118,734 | 39,371 | 180,546 | 1,338,651 | 45,323 | 180,546 | 1,344,603 |
| Total Funds | \$3,689,282 | \$259,830 | \$150,000 | \$4,099,112 | \$281,382 | \$150,000 | \$4,120,664 |

Significant Present Law Adjustments -

- Adjust base budget for the Division of Criminal Investigation

New Proposals -

- Switch funding in the Billings Division of Criminal Investigation office from the State Fund special revenue to federal funds
- Continue legislative contract authority (LCA) for the Division of Criminal Investigation

19 County Attorney Payroll

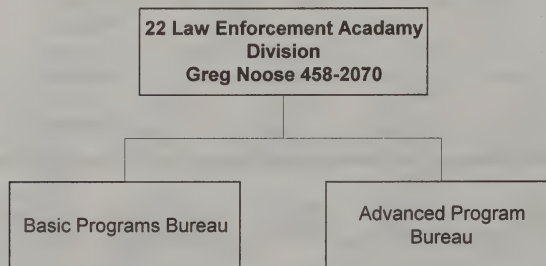
Program Description - The County Attorney Payroll program pays one-half the salary and benefits of the 56 county attorneys from the state general fund, as required by 7-4-2502, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 21.30 | 0.75 | 0.00 | 22.05 | 0.75 | 0.00 | 22.05 |
| Personal Services | 1,556,508 | 150,378 | 0 | 1,706,886 | 195,937 | 0 | 1,752,445 |
| Total Costs | \$1,556,508 | \$150,378 | \$0 | \$1,706,886 | \$195,937 | \$0 | \$1,752,445 |
| General Fund | 1,556,508 | 150,378 | 0 | 1,706,886 | 195,937 | 0 | 1,752,445 |
| Total Funds | \$1,556,508 | \$150,378 | \$0 | \$1,706,886 | \$195,937 | \$0 | \$1,752,445 |

Significant Present Law Adjustments -

- Adjust county attorney payroll for change in status, COLA and longevity

LAW ENFORCEMENT ACADEMY DIV



Program Description - The Montana Law Enforcement Academy provides a professional education and training program in criminal justice for Montana law enforcement officers and other criminal justice personnel. The academy provides an annual curriculum specifically designed to meet the needs of the adult and juvenile criminal justice systems.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-----------------------------|---------------|---------------|---------------|------------------|------------------|------------------|
| Number of Programs | 233 | 235 | 287 | 275 | 275 | 275 |
| Officers Trained at Academy | 1,558 | 1440 | 1576 | 1500 | 1500 | 1500 |
| Officers Trained Regionally | 2,497 | 2972 | 3599 | 3200 | 3200 | 3200 |

**DEPARTMENT OF JUSTICE
LAW ENFORCEMENT ACADEMY DIV**

**4110
22**

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 11.50 | 1.00 | 0.00 | 12.50 | 1.00 | 0.00 | 12.50 |
| Personal Services | 432,818 | 62,166 | 0 | 494,984 | 64,562 | 0 | 497,380 |
| Operating Expenses | 521,136 | 114,357 | 0 | 635,493 | 97,349 | 0 | 618,485 |
| Transfers | 0 | 0 | 150,000 | 150,000 | 0 | 150,000 | 150,000 |
| Debt Service | 79,484 | 2,600 | 0 | 82,084 | 2,600 | 0 | 82,084 |
| Total Costs | \$1,033,438 | \$179,123 | \$150,000 | \$1,362,561 | \$164,511 | \$150,000 | \$1,347,949 |
| General Fund | 1,033,438 | 79,516 | 0 | 1,112,954 | 64,789 | 0 | 1,098,227 |
| State/Other Special | 0 | 0 | 50,000 | 50,000 | 0 | 50,000 | 50,000 |
| Federal Special | 0 | 99,607 | 100,000 | 199,607 | 99,722 | 100,000 | 199,722 |
| Total Funds | \$1,033,438 | \$179,123 | \$150,000 | \$1,362,561 | \$164,511 | \$150,000 | \$1,347,949 |

Significant Present Law Adjustments -

- Provide for training schedules, meal costs and related operating at the Law Enforcement Academy
- Continue the Stop Violence Against Women federal grant

New Proposals -

- Allow legislative contract authority (LCA) for the Law Enforcement Academy

CENTRAL SERVICES DIVISION

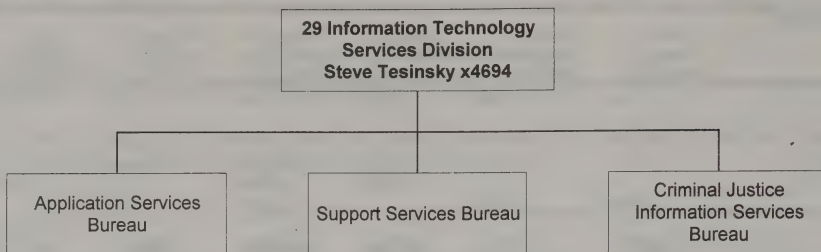
**28 Central Services Division
JanDee May x5842**

Program Description - The Central Services Division provides the administrative, personnel, budgetary, accounting, and fiscal support for the Department of Justice. The program also administers the County Attorney Payroll and Transportation of Prisoners program expenditures.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 13.25 | 2.00 | 0.00 | 15.25 | 2.00 | 0.00 | 15.25 |
| Personal Services | 468,305 | 117,628 | 0 | 585,933 | 121,351 | 0 | 589,656 |
| Operating Expenses | 122,664 | 34,839 | 0 | 157,503 | (32,339) | 0 | 90,325 |
| Total Costs | \$590,969 | \$152,467 | \$0 | \$743,436 | \$89,012 | \$0 | \$679,981 |
| General Fund | 254,296 | 65,095 | 0 | 319,391 | 37,809 | 0 | 292,105 |
| State/Other Special | 324,913 | 84,253 | 0 | 409,166 | 49,354 | 0 | 374,267 |
| Proprietary | 11,760 | 3,119 | 0 | 14,879 | 1,849 | 0 | 13,609 |
| Total Funds | \$590,969 | \$152,467 | \$0 | \$743,436 | \$89,012 | \$0 | \$679,981 |

**DEPARTMENT OF JUSTICE
JUSTICE INFORMATION SYSTEMS DIVISION**

**4110
29**



Program Description - The Justice Information Systems Division provides a full range of information technology and criminal justice services for the Department of Justice including: 1) system development and maintenance of the motor vehicle registration system; 2) the driver history system; 3) the criminal history record information system and the Montana Uniform Crime Reporting System; 4) support for the Department of Justice computer system; 5) identification services for the criminal justice community through criminal history record checking and fingerprint processing; and 6) system development and support for the Criminal Justice Information Network (CJIN). CJIN links law enforcement/criminal justice agencies with information sources at local, state, and national levels by interfacing with the National Law Enforcement Telecommunications System, the National Crime Information Center (NCIC), and numerous State of Montana files.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Criminal Fingerprints Processed | 31,353 | 34,389 | 36753 | 37,000 | 39,700 | 42,400 |
| Record Checks | 26,959 | 35,238 | 36,198 | 39,215 | 42,232 | 45,249 |
| System Development Requests | 127 | 67 | 34 | 40 | 50 | 60 |
| CJIN Devices Supported | 212 | 219 | 226 | 250 | 300 | 350 |
| CJIN Operators Trained | 816 | 879 | 1117 | 1200 | 1300 | 1400 |
| Computer Installations | 450 | 295 | 155 | 150 | 450 | 350 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 46.00 | 1.00 | 0.00 | 47.00 | 1.00 | 0.00 | 47.00 |
| Personal Services | 1,576,351 | 358,705 | 0 | 1,935,056 | 369,699 | 0 | 1,946,050 |
| Operating Expenses | 1,497,674 | 184,087 | 0 | 1,681,761 | 187,861 | 0 | 1,685,535 |
| Equipment | 169,589 | 0 | 0 | 169,589 | 0 | 0 | 169,589 |
| Transfers | 0 | 0 | 300,000 | 300,000 | 0 | 300,000 | 300,000 |
| Debt Service | 384,972 | 0 | 0 | 384,972 | 0 | 0 | 384,972 |
| Total Costs | \$3,628,586 | \$542,792 | \$300,000 | \$4,471,378 | \$557,560 | \$300,000 | \$4,486,146 |
| General Fund | 2,486,200 | 542,792 | 0 | 3,028,992 | 557,560 | 0 | 3,043,760 |
| State/Other Special | 657,371 | 0 | 0 | 657,371 | 0 | 0 | 657,371 |
| Federal Special | 474,801 | 0 | 300,000 | 774,801 | 0 | 300,000 | 774,801 |
| Proprietary | 10,214 | 0 | 0 | 10,214 | 0 | 0 | 10,214 |
| Total Funds | \$3,628,586 | \$542,792 | \$300,000 | \$4,471,378 | \$557,560 | \$300,000 | \$4,486,146 |

Significant Present Law Adjustments -

- Adjust base budget for the Justice Information Systems Division
- Add an administrative support position at no cost increase

New Proposals -

- Allow legislative contract authority (LCA) for Justice Information Systems Division

**30 Extradition & Transportation
of Prisoners**

Program Description - The Extradition and Transportation of Prisoners program reimburses county sheriffs for allowable expenses associated with transporting prisoners to Montana detention centers and for expenses of extraditing prisoners to Montana.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 164,479 | 1,178 | 0 | 165,657 | 2,390 | 0 | 166,869 |
| Total Costs | \$164,479 | \$1,178 | \$0 | \$165,657 | \$2,390 | \$0 | \$166,869 |
| General Fund | 164,479 | 1,178 | 0 | 165,657 | 2,390 | 0 | 166,869 |
| Total Funds | \$164,479 | \$1,178 | \$0 | \$165,657 | \$2,390 | \$0 | \$166,869 |

Significant Present Law Adjustments -

- Provide for increased travel costs for the transportation and extradition of prisoners

Language Recommendations - The following HB 2 language is recommended:

"Any remaining balance up to \$51,000 from the program budget in FY 2002 and in FY 2003 combined may be used to purchase vans for county sheriffs and peace officers to transport prisoners rather than reverting to the general fund."

FORENSIC SCIENCE DIVISION

**32 Forensic Sciences Division
Bill Unger 329-1103**

Program Description - The Forensic Science Division, which includes the State Crime Lab in Missoula and the State Medical Examiner, provides for a statewide system of death investigation, forensic science training, and scientific criminal investigation and analysis for specimens submitted by law enforcement officials, coroners, and state agencies. The division tests firearms, toolmarks, hair, fiber, drugs, blood, body fluids, and tissues. The laboratory also analyzes blood, breath, and urine samples in connection with driving under the influence of alcohol or drugs (DUI) and provides the certification, maintenance, and training of all law enforcement personnel on breath testing instruments.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Cases Received from Law Enforcement | 4,106 | 3,611 | 3,901 | 4,212 | 4,549 | 4,913 |

DEPARTMENT OF JUSTICE
FORENSIC SCIENCE DIVISION

4110
32

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 24.00 | 0.00 | 0.00 | 24.00 | 0.00 | 0.00 | 24.00 |
| Personal Services | 1,261,709 | 76,141 | 0 | 1,337,850 | 82,840 | 0 | 1,344,549 |
| Operating Expenses | 891,512 | 111,714 | 0 | 1,003,226 | 101,803 | 0 | 993,315 |
| Equipment | 82,807 | 120,193 | 0 | 203,000 | 113,193 | 0 | 196,000 |
| Transfers | 0 | 0 | 100,000 | 100,000 | 0 | 100,000 | 100,000 |
| Debt Service | 3,033 | 0 | 0 | 3,033 | 0 | 0 | 3,033 |
| Total Costs | \$2,239,061 | \$308,048 | \$100,000 | \$2,647,109 | \$297,836 | \$100,000 | \$2,636,897 |
| General Fund | 1,886,174 | 272,057 | 0 | 2,158,231 | 261,545 | 0 | 2,147,719 |
| State/Other Special | 303,202 | 3 | 0 | 303,205 | 3 | 0 | 303,205 |
| Federal Special | 49,685 | 35,988 | 100,000 | 185,673 | 36,288 | 100,000 | 185,973 |
| Total Funds | \$2,239,061 | \$308,048 | \$100,000 | \$2,647,109 | \$297,836 | \$100,000 | \$2,636,897 |

Significant Present Law Adjustments -

- Adjust base budget to annualize rent and other expenses
- Activate lab accreditation process

New Proposals -

- Allow legislative contract authority (LCA) for Forensic Science Division

**4201 Public Service Regulation
X6199**

**01 Public Service
Commission**

Mission Statement - To fairly balance the long-term interests of Montana utility and transportation companies and the customers they serve.

Statutory Authority - Title 69

Program Description - The Department of Public Service Regulation (PSR) regulates the public utility and railroad industries. Five commissioners elected from districts throughout Montana oversee this program.

Program Indicators -

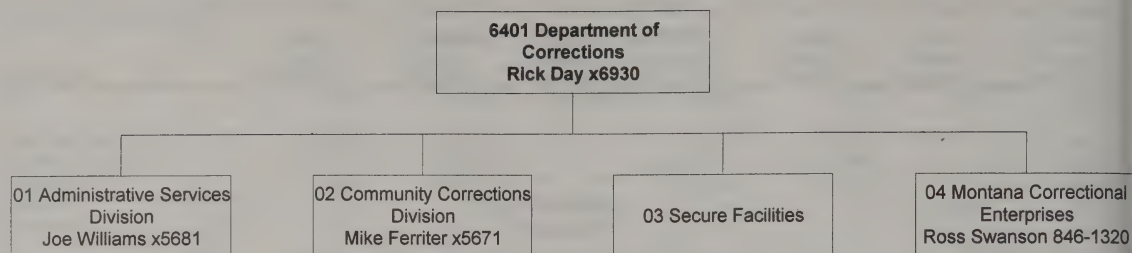
| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---------------------|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Dockets | 397 | 426 | 326 | 350 | 350 | 350 |
| Informal Utility | 2698 | 2959 | 2870 | 3000 | 3000 | 3000 |
| Consumer Complaints | | | | | | |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
|---------------------|--|---|--|---|---|--|---|
| FTE | 39.50 | 0.00 | 0.00 | 39.50 | 0.00 | 0.00 | 39.50 |
| Personal Services | 1,877,177 | 81,379 | 0 | 1,958,556 | 96,170 | 0 | 1,973,347 |
| Operating Expenses | 439,015 | 852,786 | 0 | 1,291,801 | 18,565 | 0 | 457,580 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$2,316,192 | \$934,165 | \$0 | \$3,250,357 | \$114,735 | \$0 | \$2,430,927 |
| State/Other Special | 2,300,576 | 936,018 | 0 | 3,236,594 | 116,588 | 0 | 2,417,164 |
| Federal Special | 15,616 | (1,853) | 0 | 13,763 | (1,853) | 0 | 13,763 |
| Total Funds | \$2,316,192 | \$934,165 | \$0 | \$3,250,357 | \$114,735 | \$0 | \$2,430,927 |

Significant Present Law Adjustments -

- Hire consultants to handle special projects or additional workload
- Adjust rent, computer replacement and copier leases
- Shift Pipeline Safety Program funding
- Continue assistance with the Montana Universal Access Program funds collected in the 1999 biennium



Mission Statement - The Department of Corrections is dedicated to public safety and trust by holding adult and juvenile offenders accountable for their actions against victims through custody, supervision, treatment, work, restitution and skill development.

Statutory Authority - 2-15-2301 and 53-1-201, MCA.

Executive Budget Recommendation –

- Continue funding 28.00 FTE probation and parole staff
- Accelerate correctional officer pay for recruitment and retention
- Continue 31.00 FTE security staff at Montana State Prison
- Expand Montana Women's Prison to 165 female inmates by FYE 2003
- Adjust operating costs for expansion at Pine Hills Youth Correctional Facility
- Expand industries program for inmates at regional and private facilities
- Increase outside medical for increased adult population

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 1,024.45 | 66.35 | 6.50 | 1,097.30 | 90.35 | 6.50 | 1,121.30 |
| Personal Services | 38,659,466 | 6,424,116 | 377,181 | 45,460,763 | 6,835,874 | 378,702 | 45,874,042 |
| Operating Expenses | 43,407,446 | 8,803,242 | (292,860) | 51,917,828 | 14,402,202 | (342,319) | 57,467,329 |
| Equipment | 489,919 | (161,478) | 0 | 328,441 | (177,036) | 0 | 312,883 |
| Grants | 30,218 | 0 | 0 | 30,218 | 0 | 0 | 30,218 |
| Benefits & Claims | 8,829,960 | (692,259) | 0 | 8,137,701 | (803,000) | 0 | 8,026,960 |
| Debt Service | 83,088 | 0 | 0 | 83,088 | 0 | 0 | 83,088 |
| Total Costs | \$91,500,097 | \$14,373,621 | \$84,321 | \$105,958,039 | \$20,258,040 | \$36,383 | \$111,794,520 |
| General Fund | 89,104,188 | 13,490,943 | 84,321 | 102,679,452 | 19,354,862 | 36,383 | 108,495,433 |
| State/Other Special | 1,601,137 | 129,353 | 0 | 1,730,490 | 126,706 | 0 | 1,727,843 |
| Federal Special | 457,885 | 504,464 | 0 | 962,349 | 528,070 | 0 | 985,955 |
| Proprietary | 336,887 | 248,861 | 0 | 585,748 | 248,402 | 0 | 585,289 |
| Total Funds | \$91,500,097 | \$14,373,621 | \$84,321 | \$105,958,039 | \$20,258,040 | \$36,383 | \$111,794,520 |

TABLE D-1
FY 2000 Projections
Male Institutional Population

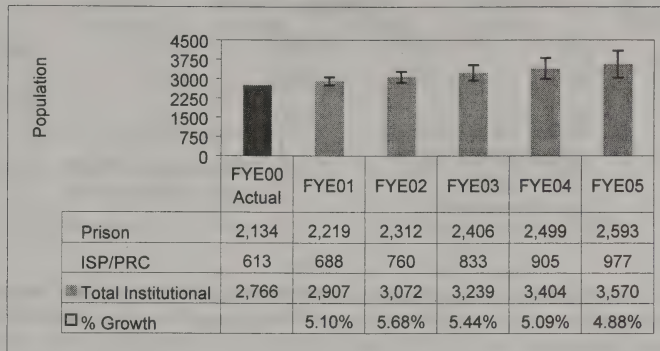


TABLE D-2
FY 2000 Projections
Female Institutional Population

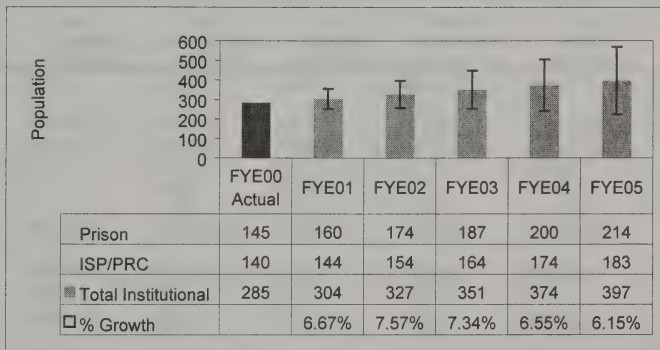
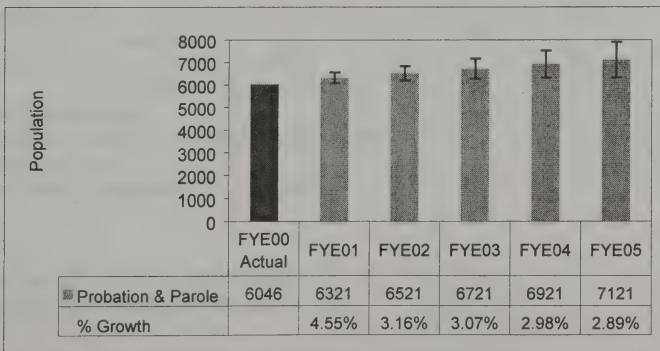
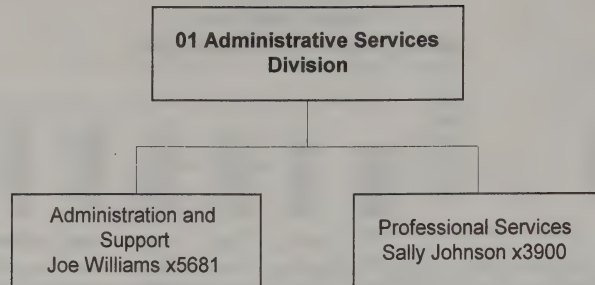


TABLE D-3
FY 2000 Projections
Probation & Parole Population





Program Description - The Administration and Support Services Program includes the Director's Office, Administrative Services Division, Professional Services Division and the administratively attached Board of Pardons. This program provides to the department, government entities and the public various administrative and management support; human resource, budget, fiscal, and legal information; technical correctional services; policy and staff development; research; facility management; and access to health care services.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 151.65 | 0.00 | 6.50 | 158.15 | 0.00 | 6.50 | 158.15 |
| Personal Services | 6,403,877 | 2,223,715 | 377,181 | 9,004,773 | 1,788,975 | 378,702 | 8,571,554 |
| Operating Expenses | 6,893,142 | 1,090,646 | (292,860) | 7,690,928 | 1,298,554 | (342,319) | 7,849,377 |
| Equipment | 33,709 | 0 | 0 | 33,709 | 0 | 0 | 33,709 |
| Debt Service | 8,205 | 0 | 0 | 8,205 | 0 | 0 | 8,205 |
| Total Costs | \$13,338,933 | \$3,314,361 | \$84,321 | \$16,737,615 | \$3,087,529 | \$36,383 | \$16,462,845 |
| General Fund | 13,283,400 | 3,298,516 | 84,321 | 16,666,237 | 3,076,523 | 36,383 | 16,396,306 |
| State/Other Special | 2,695 | 1,626 | 0 | 4,321 | (1,337) | 0 | 1,358 |
| Proprietary | 52,838 | 14,219 | 0 | 67,057 | 12,343 | 0 | 65,181 |
| Total Funds | \$13,338,933 | \$3,314,361 | \$84,321 | \$16,737,615 | \$3,087,529 | \$36,383 | \$16,462,845 |

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|--------------------|-----------------------------------|---|---|---------------------|
| VINE Registered Numbers | 246 | 308 | 369 | 450 | 500 | 550 |
| Calls made to VINE | 5,902 | 9,890 | 11,731 | 12,500 | 13,000 | 13,500 |
| Board of Pardons & Parole: Offenders Release to Parole | 497 | 503 | 440 | 482 | 498 | 514 |
| Board of Pardons & Parole: Parole Interviews | 949 | 992 | 935 | 1058 | 1105 | 1153 |
| PSD: Offsite Medical Cost/Inmate/Day | | | \$1.84 | \$1.90 | \$1.97 | \$2.04 |
| Adult Male | 3.10 | 2.89 | 1.56 | | | |
| Adult Female | 3.50 | 5.04 | 3.48 | | | |
| Juvenile Male | 1.73 | 4.60 | 4.11 | | | |
| Juvenile Female | .66 | 2.81 | 3.97 | | | |
| PSD: Regional and Private Prison occupied % of capacity | 94.9% | 92.6% | 88.1% | 96.8% | 94.5% | 96.7% |
| PSD: Correctional Officers received Basic POST certification | None | None | 106 | 150 | 75 | 50 |
| PSD: Basic Training sessions at MLEA | 5 | 7 | 9 (1 funded by Msla Cty) | 9 | 8 | 8 |
| ASD: Employee recruitments processed: | | | | | | |
| Helena Office | 76 | 109 | 148 | 200 | 220 | 240 |
| MSP | 79 | 51 | 72 | 63 | 63 | 63 |
| PHYCF | 9 | 7 | 28 | 16 | 12 | 12 |
| ASD: As of 10/30/00 Third party funding – juvenile placements | \$275,039 | \$272,846 | \$261,737 | \$275,000 | \$275,000 | \$275,000 |
| ASD: ACIS modules replaced by Profiles modules | N/A | N/A | N/A | Offender Demographic s, Offender movements | Legal information, Classificatio n | |
| ASD: Facility Condition Inventories completed | 1 | 2 | 0 | 1 | 24 | 24 |
| ASD: Statistical Information Requests Completed | Not available | 214 | 149 | 225 | 170 | 235 |
| ASD: # of Help Desk calls resolved | Not available | 9,132 estimated | 9,837 | 10,328 | 10,845 | 11,387 |

Significant Present Law Adjustments -

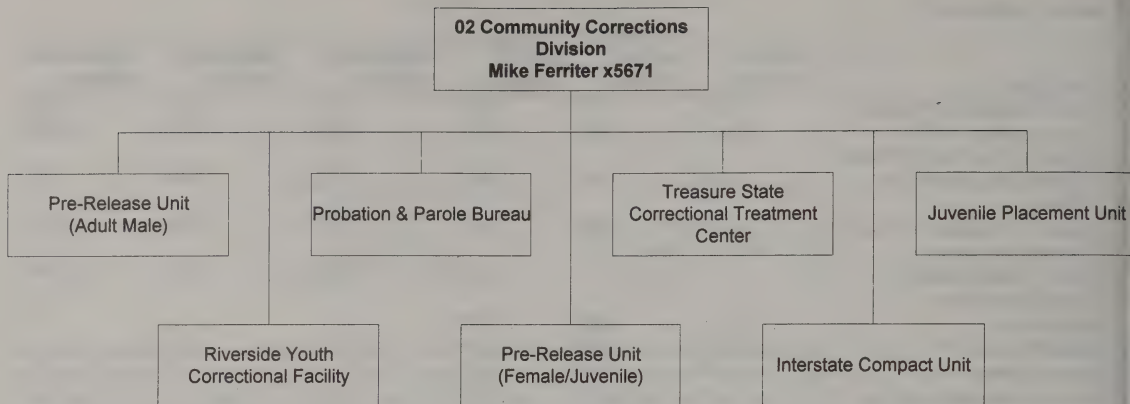
- Accelerate correctional officer pay for recruitment and retention
- Maintain board member per diem
- Increase Outside medical for increased adult population

New Proposals -

- Begin to immunize for Hepatitis C in the 2003 biennium
- Retain a 1.00 FTE victim officer approved last session

DEPT. OF CORRECTIONS
COMMUNITY CORRECTIONS

6401
02



Program Description - The Community Corrections Program includes adult probation and parole, juvenile parole, male and female community corrections programs, the boot camp, the female juvenile correctional facility, juvenile transition centers, and juvenile out-of-home placements. The department contracts with non-profit corporations in Great Falls, Butte, Missoula, Billings, and Helena for pre-release services.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 238.50 | 28.00 | 0.00 | 266.50 | 31.00 | 0.00 | 269.50 |
| Personal Services | 9,691,238 | 778,524 | 0 | 10,469,762 | 926,216 | 0 | 10,617,454 |
| Operating Expenses | 13,538,810 | 2,962,184 | 0 | 16,500,994 | 5,348,740 | 0 | 18,887,550 |
| Equipment | 68,996 | (23,290) | 0 | 45,706 | (20,000) | 0 | 48,996 |
| Benefits & Claims | 8,520,550 | (692,259) | 0 | 7,828,291 | (803,000) | 0 | 7,717,550 |
| Debt Service | 42,808 | 0 | 0 | 42,808 | 0 | 0 | 42,808 |
| Total Costs | \$31,862,402 | \$3,025,159 | \$0 | \$34,887,561 | \$5,451,956 | \$0 | \$37,314,358 |
| General Fund | 31,104,645 | 2,780,039 | 0 | 33,884,684 | 5,206,836 | 0 | 36,311,481 |
| State/Other Special | 517,239 | 56,651 | 0 | 573,890 | 56,651 | 0 | 573,890 |
| Federal Special | 240,518 | 188,469 | 0 | 428,987 | 188,469 | 0 | 428,987 |
| Total Funds | \$31,862,402 | \$3,025,159 | \$0 | \$34,887,561 | \$5,451,956 | \$0 | \$37,314,358 |

TABLE D-4

Community Programs have 75%
Of Adult Population
Fiscal Year End 2000

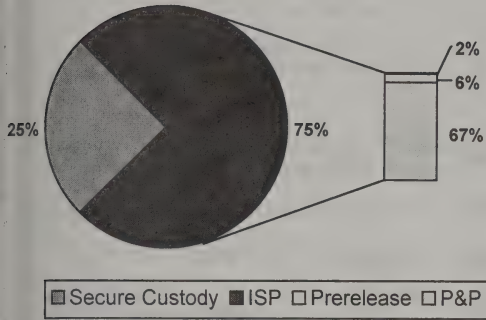
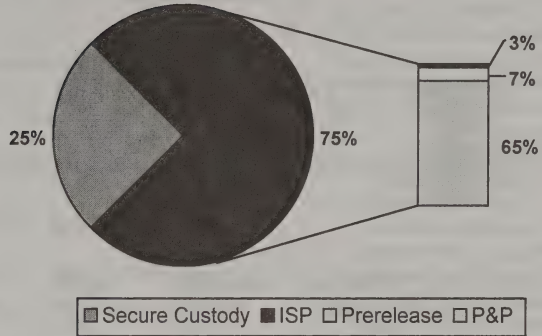


TABLE D-5

Community Programs have 75%
Of Adult Population
Fiscal Year End 2003

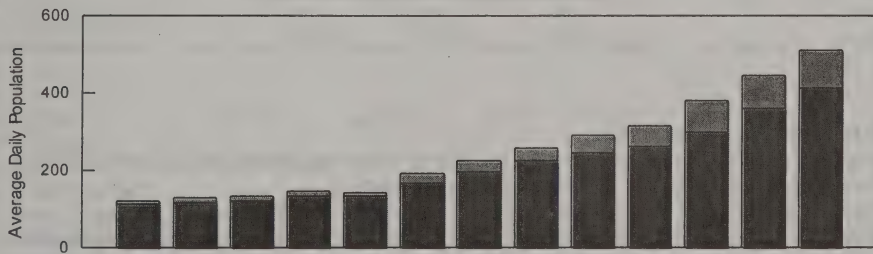


Secure custody includes all prisons, Treasure State Correctional Training Center, and county jail holding.

The graphs above show that secure custody remains constant at 25% of the adult population while the Intensive Supervisor Program (ISP) increases from 2 percent to 3 percent. The Prerelease centers increase from 6 percent to 7 percent and the Probation and Parole population decreases from 67 to 65 percent. It is important to keep a balance of community and secure custody and services as an issue of public safety.

Adult Pre-Release ADP

FY 1988 - FY 2000



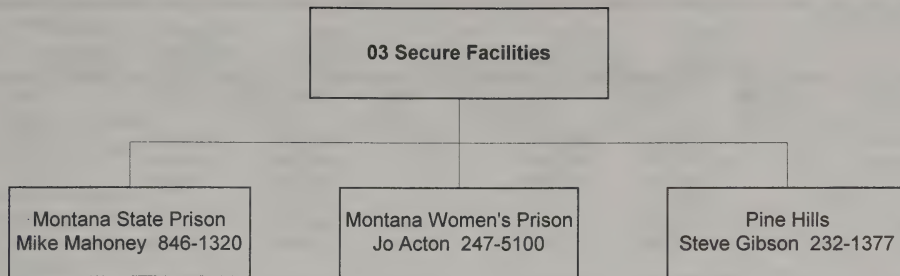
| Fiscal Year | FY88 | FY89 | FY90 | FY91 | FY92 | FY93 | FY94 | FY95 | FY96 | FY97 | FY98 | FY99 | FY00 |
|-------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| Male | 112 | 116 | 122 | 133 | 131 | 167 | 194 | 222 | 245 | 258 | 295 | 358 | 413 |
| Female | 10 | 11 | 12 | 12 | 9 | 22 | 27 | 34 | 43 | 54 | 85 | 87 | 95 |

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Juveniles in out-of-state placements funded by DOC as of 6/30 | 60 | 67 | 57 | 57 | 52 | 52 |
| Judicial Districts involved in collaborative funding project (Pilot Project/JDIP) | 2 | 2 | 11 | 11 | 23 | 23 |
| Prerelease Centers Population as of 6/30 | 444 | 460 | 535 | 576 | 619 | 719 |
| Restitution collected | \$1,255,813 | \$1,512,229 | \$1,466,937 | \$1,760,324 | \$2,112,389 | \$2,534,867 |
| Probation revocations | | | | | | |
| *Jail sanction legislation effective in FY2000 | 492 | 486 | 580 | 493 | 419 | 356 |
| Urine Samples Taken | Not available | Not available | 7,650 | 7,998 | 8,251 | 8,504 |
| Total number of drug/alcohol screens performed on urine samples | Not available | Not available | 18,045 | 18,795 | 19,389 | 19,984 |
| % of positive drug screens | Not available | Not available | 8.9% | 9.7% | 8% | 8% |
| Adult Probation & Parole Caseload – Optimum level | | | | | | |
| Missoula | 95 | 101 | 91.3 | 70 | 70 | 70 |
| Helena | 109 | 81.51 | 64 | 70 | 70 | 70 |
| Bozeman | 83 | 72 | 63 | 70 | 70 | 70 |
| Butte | 82 | 91.7 | 75 | 70 | 70 | 70 |
| Great Falls | 76 | 77.8 | 68 | 70 | 70 | 70 |
| Billings | 84 | 85 | 70 | 70 | 70 | 70 |
| Kalispell | 100 | 100.5 | 86.69 | 70 | 70 | 70 |

Significant Present Law Adjustments -

- Continue funding 28.00 FTE probation and parole staff at a biennial general fund cost of \$2.59 million
- Adjust pre-release center beds for increased offender population
- Adjust present law personal services for zero-based overtime and holiday pay
- Recognize savings from out-of-state placement due to completion of Pine Hills expansion construction



Program Description - The Secure Facilities Program includes the Montana State Prison, Montana Women's Prison, and the Pine Hills Youth Correctional Facility.

Program Indicators --

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Pine Hills School | | | | | | |
| Restitution | \$14,052 | \$17,006 | \$19,519 | \$21,000 | \$21,000 | \$23,000 |
| Number of youth involved in restitution program | 39 | 45 | 31 | 47 | 50 | 55 |
| Number of youth involved in the Community Service Program | 24 | 16 | 16 | 26 | 30 | 33 |
| Number of Community Service Hours worked | 1575 | 2169 | 2654 | 3000 | 3300 | 3600 |
| Number of juveniles admitted to CD program | N/A | N/A | 14 | 48 | 48 | 48 |
| Montana Women's Prison | | | | | | |
| Education participation of total population | 84% | 86% | 86% | 86% | 86% | 88% |
| Corrective Thinking participation of population | 41% | 39% | 20% | 28% | 32% | 40% |
| Chemical Dependency program completion prior to release | 38% | 40% | 40% | 42% | 44% | 50% |
| Parenting program participation of total population | 68% | 69% | 77% | 78% | 82% | 85% |
| Montana State Prison | | | | | | |
| Number of inmates that pass GED exam | 99 | 75 | 91 | 94 | 97 | 100 |
| Number of inmates that discharge from CD program as treatment plan complete | 220 | 265 | 235 | 242 | 249 | 257 |
| Number of inmates on waiting list for treatment programs as of 6/30 each year | Not available | 1608 | 1461 | 1432 | 1403 | 1375 |

**DEPT. OF CORRECTIONS
SECURE FACILITIES**

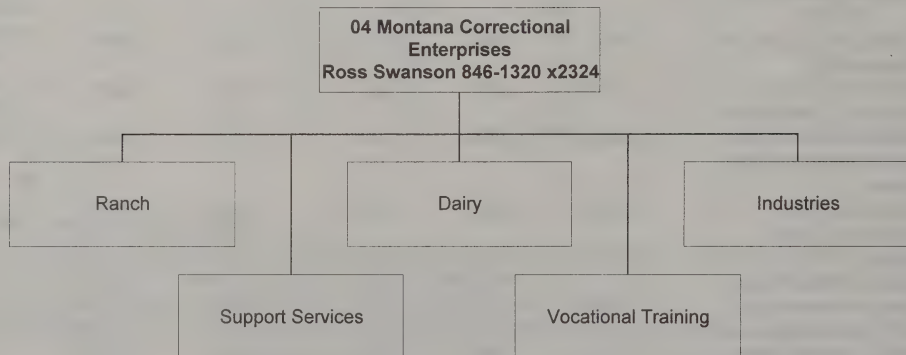
**6401
03**

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 619.80 | 36.35 | 0.00 | 656.15 | 57.35 | 0.00 | 677.15 |
| Personal Services | 21,979,838 | 3,265,118 | 0 | 25,244,956 | 3,959,585 | 0 | 25,939,423 |
| Operating Expenses | 22,242,127 | 4,670,915 | 0 | 26,913,042 | 7,676,067 | 0 | 29,918,194 |
| Equipment | 387,214 | (122,988) | 0 | 264,226 | (142,036) | 0 | 245,178 |
| Grants | 30,218 | 0 | 0 | 30,218 | 0 | 0 | 30,218 |
| Benefits & Claims | 309,410 | 0 | 0 | 309,410 | 0 | 0 | 309,410 |
| Debt Service | 32,075 | 0 | 0 | 32,075 | 0 | 0 | 32,075 |
| Total Costs | \$44,980,882 | \$7,813,045 | \$0 | \$52,793,927 | \$11,493,616 | \$0 | \$56,474,498 |
| General Fund | 43,682,312 | 7,425,974 | 0 | 51,108,286 | 11,082,623 | 0 | 54,764,935 |
| State/Other Special | 1,081,203 | 71,076 | 0 | 1,152,279 | 71,392 | 0 | 1,152,595 |
| Federal Special | 217,367 | 315,995 | 0 | 533,362 | 339,601 | 0 | 556,968 |
| Total Funds | \$44,980,882 | \$7,813,045 | \$0 | \$52,793,927 | \$11,493,616 | \$0 | \$56,474,498 |

Significant Present Law Adjustments -

- Continue 31.00 FTE security staff at Montana State Prison at a biennial general fund cost of \$1.68 million
- Adjust operating costs at Pine Hills for 118 and 135 average daily population each year, respectively
- Expand Montana Women's Prison to 165 female inmates by FYE 2003
- Expand male and female contract bed capacity for projected population
- Adjust present law personal services for zero-based overtime, inmate pay, etc.
- Replace general fund with a federal grant for residential substance abuse treatment

MONT CORRECTIONAL ENTERPRISES



Program Description - The Montana Correctional Enterprises (MCE) Program includes the ranch, industries, dairy, license plate, and vocational education programs at the Montana State Prison facility. MCE also has industry programs located at the Montana Women's Prison, Cascade County Regional Detention Facility, Crossroads Correctional Facility, and the Missoula Regional Prison. MCE programs provide employment and vocational educational training opportunities to offenders. At the end of FY 2000 approximately three hundred fifty (350) offenders were involved in education, training and employment with MCE programs.

DEPT. OF CORRECTIONS
MONT CORRECTIONAL ENTERPRISES

6401
04

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---------------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| MCE Program Revenue | \$5,228,121 | \$4,967,225 | \$5,980,407 | \$6,107,025 | \$5,936,768 | \$6,015,806 |
| # of Inmate Workers – MSP | 260 | 258 | 240 | 260 | 280 | 285 |
| #of Inmate Workers – Other Facilities | 4 | 24 | 75 | 125 | 150 | 150 |
| Crime Victim Payments – PIE Programs | \$0 | \$2,279 | \$21,611 | \$68,400 | \$70,000 | \$72,000 |
| Family Support Deductions – PIE Pgm. | \$0 | \$812 | \$13,146 | \$38,229 | \$40,000 | \$42,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 14.50 | 2.00 | 0.00 | 16.50 | 2.00 | 0.00 | 16.50 |
| Personal Services | 584,513 | 156,759 | 0 | 741,272 | 161,098 | 0 | 745,611 |
| Operating Expenses | 733,367 | 79,497 | 0 | 812,864 | 78,841 | 0 | 812,208 |
| Equipment | 0 | (15,200) | 0 | (15,200) | (15,000) | 0 | (15,000) |
| Total Costs | \$1,317,880 | \$221,056 | \$0 | \$1,538,936 | \$224,939 | \$0 | \$1,542,819 |
| General Fund | 1,033,831 | (13,586) | 0 | 1,020,245 | (11,120) | 0 | 1,022,711 |
| Federal Special | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Proprietary | 284,049 | 234,642 | 0 | 518,691 | 236,059 | 0 | 520,108 |
| Total Funds | \$1,317,880 | \$221,056 | \$0 | \$1,538,936 | \$224,939 | \$0 | \$1,542,819 |

Significant Present Law Adjustments -

- Fund zero-based inmate payroll and overtime costs for Vocational Education and License Plate Factory programs
- Continue MCE food bank program for canning and wild game processing
- Expand HB 2 industries program by 2.00 FTE, providing supervision for 200 inmates at the regional and private facilities
- Adopt proprietary fund inmate pay and overtime requests

New Proposals -

- Purchase new ranch and industries equipment and construction materials for use at MSP and the regional and private facilities

Proprietary Rates

Program Description -The Montana Correctional Enterprise (MCE) Industry program includes furniture, upholstery, print, sign, telemarketing and laundry operations at the Montana State Prison facility. In addition telemarketing programs are operated at the Montana Women's Prison and the regional and private prison locations throughout Montana.

The MCE Ranch and Dairy operation includes range cattle, dairy, crops, feedlot and composting, which are located at the Montana State Prison facility.

The MCE Vocational Education program operates a motor vehicle maintenance shop, Toyota operation, telemarketing for Gold West Country, the Montana Food Bank cannery and educational classrooms at the Montana State Prison Facility.

Revenues and Expenses -

Montana Correctional Enterprises (MCE) Industry revenues are derived from product sales to state and private customers. The expenses are determined by operational needs, cash flow, economic return, customer orders, product

inventory levels. Overall revenue levels are dependant on marketing efforts, legislative restrictions, state agency purchases, retail outlet dealer sales, expansion and adjustment of the product line, continuation of the Certified Industry Program, private sector complaints, private customer contracts, and the success of the programs at the Montana Women's Prison, regional and private facilities.

MCE Ranch and Dairy revenues are based on the market value of products sold. Expenditures are dependant on operational needs, cash flow, economic return, weather conditions, product market prices, and discussion with the Ranch Advisory Committee.

MCE Vocational Education Motor Vehicle Maintenance (MVM) revenues are based on customer vehicle and equipment repair and maintenance needs. Toyota revenues are based on contracts with the Toyota Company for producing motor vehicle cut-aways and trainers. Gold West telemarketing revenues are based on contract. The expenditure levels are determined by revenues and the need for parts and supplies for the repairs and contract projects. The MCE Vocational Education Food Bank revenues will be a reimbursement of actual costs incurred.

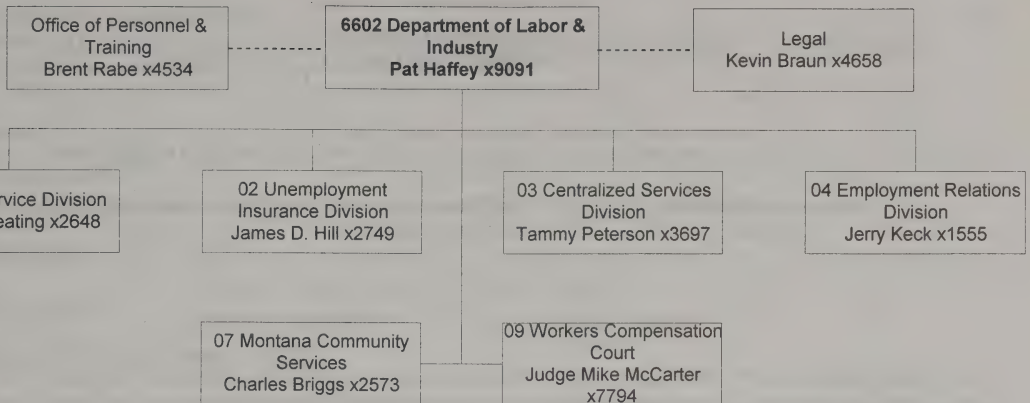
Rate Explanation -The MCE Industries rates for furniture, upholstery, print and sign shops are based on competitive product pricing.

The MCE Industries laundry rates have been at the same level since the inception of the laundry program in 1996, with the exception of the Montana Development Center (MDC), which decreased, due to the frequency of the laundry deliveries. MCE is requesting a 2 cent per pound rate increase due to personal services annual cost of living and longevity increases and a 42.74% increase in the natural gas contract prices. The current laundry rates are as follows: Montana State Prison - \$.37 per pound, Montana State Hospital - \$.36 per pound and Montana Developmental Center - \$.46 per pound. The break even cost for laundry operations prior to this requested increase was approximately \$.33 per pound without delivery costs. Any profit is maintained within the Industries account to be used for future laundry equipment replacement, as well as the overall Industries enterprise operation.

The Industries telemarketing rates are based on contracts with private companies.

MCE Ranch and Dairy rates are based on the current market prices of cattle, crops and dairy products.

MCE Vocational Education Motor Vehicle Maintenance (MVM) and Toyota pricing are based on the cost of parts and an hourly labor charged. The labor charge covers the cost of the four FTE associated with the MVM and Toyota operations.



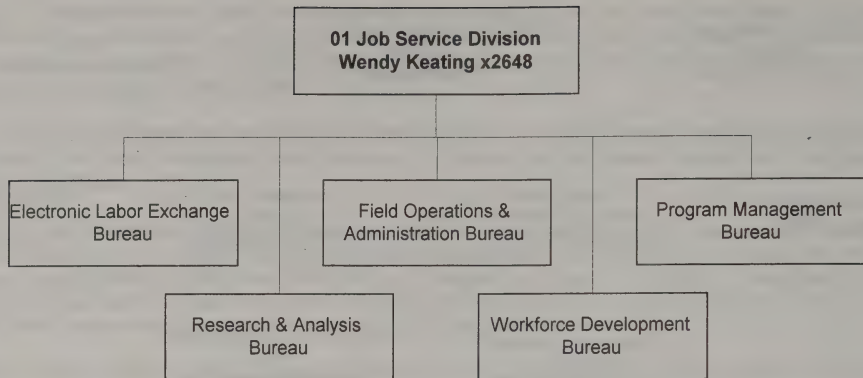
Mission Statement - To promote the well-being and opportunities of Montana workers and employers and to uphold the rights and responsibilities of both.

Statutory Authority - Primarily Titles 18, 39, 49, 50, and 90, MCA, and the federal Corporation for National Service.

Executive Budget Recommendation -

- Support the Jobs for Montana Graduates Programs in various communities
- Conduct annual statewide career conferences
- Align federal appropriations to reflect Montana's share of federal allocations
- Adjust Human Rights funding (general fund) to match workload

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 550.10 | 13.00 | 2.00 | 565.10 | 13.00 | 2.00 | 565.10 |
| Personal Services | 18,747,770 | 2,596,573 | 72,153 | 21,416,496 | 2,718,041 | 72,403 | 21,538,214 |
| Operating Expenses | 10,571,955 | (372,567) | 133,416 | 10,332,804 | (386,922) | 133,318 | 10,318,351 |
| Equipment | 348,126 | (111,379) | 0 | 236,747 | (111,379) | 0 | 236,747 |
| Capital Outlay | 162,470 | (162,470) | 0 | 0 | (162,470) | 0 | 0 |
| Grants | 15,869,491 | 2,747,303 | 150,000 | 18,766,794 | 2,747,303 | 150,000 | 18,766,794 |
| Benefits & Claims | 378,087 | 0 | 0 | 378,087 | 0 | 0 | 378,087 |
| Transfers | 0 | 111,338 | 0 | 111,338 | 111,436 | 0 | 111,436 |
| Debt Service | 86,895 | (83,785) | 0 | 3,110 | (83,785) | 0 | 3,110 |
| Total Costs | \$46,164,794 | \$4,725,013 | \$355,569 | \$51,245,376 | \$4,832,224 | \$355,721 | \$51,352,739 |
| General Fund | 1,510,870 | 361,998 | 275,569 | 2,148,437 | 365,593 | 275,721 | 2,152,184 |
| State/Other Special | 13,001,709 | 971,806 | 80,000 | 14,053,515 | 974,582 | 80,000 | 14,056,291 |
| Federal Special | 31,604,562 | 3,378,856 | 0 | 34,983,418 | 3,479,414 | 0 | 35,083,976 |
| Proprietary | 47,653 | 12,353 | 0 | 60,006 | 12,635 | 0 | 60,288 |
| Total Funds | \$46,164,794 | \$4,725,013 | \$355,569 | \$51,245,376 | \$4,832,224 | \$355,721 | \$51,352,739 |



Program Description - The Job Service Division (JSD) operates through five bureaus. The Field Operations Bureau functions through a network of 17 Job Service Centers. The division is a gateway to government services in the area of employment and training services. JSD performs services that include retraining and reemployment services for laid-off workers and employment and training services for people transitioning from welfare to work, as well as for youth, veterans, seasonal/migrant farm workers, and general job seekers. Other bureaus include Electronic Labor Exchange, Workforce Development, Program Management, and Research and Analysis.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Applicants Registered | 71,489 | 66,792 | 68,818 | 69,500 | 72,000 | 72,000 |
| MCIS Sites | 220 | 242 | 308 | 308 | 270 | 270 |
| Statistical Data Inquiry – Employment Services | 133,122 | 827,046 | 844,740 | 862,812 | 881,271 | 900,124 |
| Statistical Data Inquiry – Research & Analysis | 372,698 | 520,347 | 598,619 | 688,412 | 791,673 | 910,425 |
| Apprenticeship Training Participants | 889 | 894 | 939 | 1,014 | 1,098 | 1,186 |
| Jobs for Montana's Graduates | 356 | 446 | 603 | 650 | 700 | 725 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 299.35 | 2.00 | 2.00 | 303.35 | 2.00 | 2.00 | 303.35 |
| Personal Services | 9,807,192 | 1,211,878 | 72,153 | 11,091,223 | 1,273,988 | 72,403 | 11,153,583 |
| Operating Expenses | 5,707,403 | (962,761) | 133,416 | 4,878,058 | (1,036,187) | 133,318 | 4,804,534 |
| Equipment | 281,455 | (134,744) | 0 | 146,711 | (134,744) | 0 | 146,711 |
| Capital Outlay | 162,470 | (162,470) | 0 | 0 | (162,470) | 0 | 0 |
| Grants | 14,317,296 | 1,628,303 | 150,000 | 16,095,599 | 1,628,303 | 150,000 | 16,095,599 |
| Benefits & Claims | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 111,338 | 0 | 111,338 | 111,436 | 0 | 111,436 |
| Debt Service | 83,785 | (83,785) | 0 | 0 | (83,785) | 0 | 0 |
| Total Costs | \$30,359,601 | \$1,607,759 | \$355,569 | \$32,322,929 | \$1,596,541 | \$355,721 | \$32,311,863 |
| General Fund | 595,109 | 85,899 | 275,569 | 956,577 | 87,323 | 275,721 | 958,153 |
| State/Other Special | 6,046,489 | 765,940 | 80,000 | 6,892,429 | 742,819 | 80,000 | 6,869,308 |
| Federal Special | 23,710,321 | 756,770 | 0 | 24,467,091 | 767,249 | 0 | 24,477,570 |
| Proprietary | 7,682 | (850) | 0 | 6,832 | (850) | 0 | 6,832 |
| Total Funds | \$30,359,601 | \$1,607,759 | \$355,569 | \$32,322,929 | \$1,596,541 | \$355,721 | \$32,311,863 |

Significant Present Law Adjustments -

- Reflect federal funding correctly, as the One Stop federal program is phased out and the Trade Adjustment Assistance Act and Workforce Investment Act are augmented

New Proposals -

- Restore one-time general fund for Jobs for Montana's Graduates and continue program expansion at a total biennial cost of \$551,290
- Host annual statewide career conference with state special registration fees of \$80,000

Proprietary Rates

Program Description -

Montana Career Information System (06051)

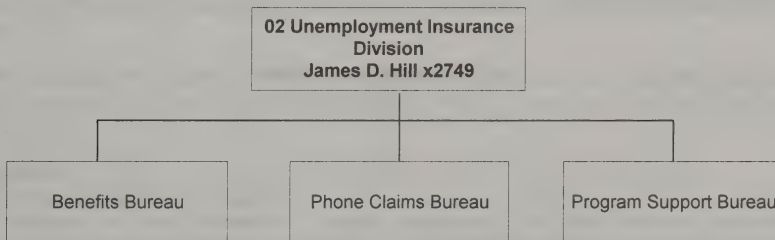
The Montana Career Information System (MCIS) has been active in Montana since 1980. The purpose of MCIS is to deliver current career and labor market information to Montanans in an easy-to-use, easy-to-understand format. This is the only career information delivery system in the country that has specific Montana labor market information included in each file. MCIS is currently being used at over 200 sites throughout the state by a wide variety of users: job service offices, vocational rehabilitation offices, high schools, community colleges, universities, tribal colleges, education and training agencies, and adult education programs.

Revenues and Expenses -

Working Capital = \$23,946 for 60 days.

Rate Explanation -The Montana Career Information System (MCIS) is funded by user fees not to exceed \$1,500 per site. Discounted rates are available for small schools and groups.

UNEMPLOYMENT INSURANCE DIVISION



Program Description - The Unemployment Insurance (UI) Division administers the state unemployment insurance law and related federal programs, which provide temporary, partial wage replacement to involuntary unemployed individuals. The UI Division is organized into three bureaus: UI Benefits, UI Program Support, and UI Phone Claims. The UI Contributions Bureau was reorganized by the 1997 Legislature under HB 561, which delegated UI tax collection activity to the Department of Revenue. The UI Benefits Bureau receives, processes, and pays UI benefit claims and adjudicates disputed benefit claims. The UI Program Support Bureau manages the Benefit Automated Rewrite System (BeAR), and the UI benefit accounting and payment system. The UI Phone Claims Bureau has two phone centers (Billings and Helena) for claimants to file unemployment claims, and for employers to make UI related inquiries.

**LABOR & INDUSTRY
UNEMPLOYMENT INSURANCE DIVISION**

**6602
02**

Program Indicators –

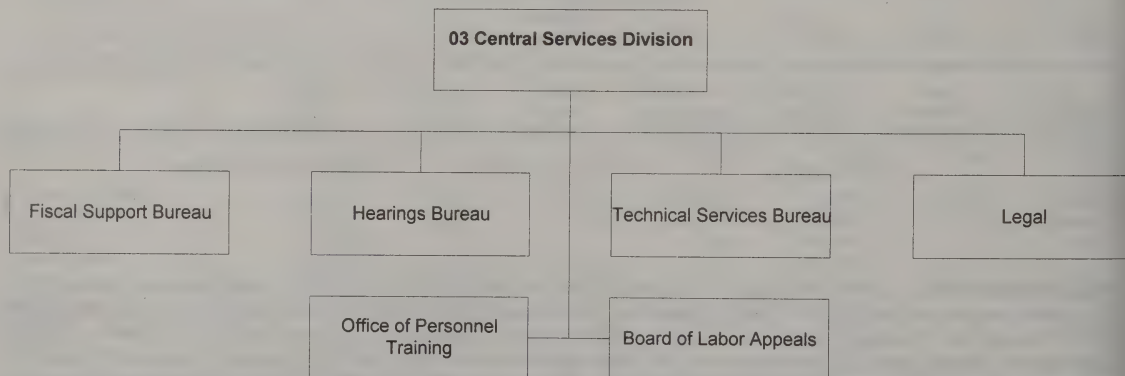
| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Initial Claims | 58,573 | 54,262 | 48,339 | 57,146 | 66,293 | 74,352 |
| Weeks Claimed | 425,351 | 408,512 | 373,905 | 412,273 | 480,624 | 536,401 |
| Non-monetary Determinations | 18,383 | 18,673 | 18,368 | 19,016 | 22,403 | 24,648 |
| Appeals | 1,333 | 1,333 | 1,371 | 1,371 | 1,590 | 1,770 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 105.50 | 4.00 | 0.00 | 109.50 | 4.00 | 0.00 | 109.50 |
| Personal Services | 3,815,246 | 575,465 | 0 | 4,390,711 | 598,349 | 0 | 4,413,595 |
| Operating Expenses | 1,697,075 | 635,687 | 0 | 2,332,762 | 699,485 | 0 | 2,396,560 |
| Equipment | (23,600) | 23,600 | 0 | 0 | 23,600 | 0 | 0 |
| Benefits & Claims | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Debt Service | 3,104 | 0 | 0 | 3,104 | 0 | 0 | 3,104 |
| Total Costs | \$5,491,825 | \$1,234,752 | \$0 | \$6,726,577 | \$1,321,434 | \$0 | \$6,813,259 |
| State/Other Special | 285,705 | 2,948 | 0 | 288,653 | 2,948 | 0 | 288,653 |
| Federal Special | 5,206,120 | 1,231,804 | 0 | 6,437,924 | 1,318,486 | 0 | 6,524,606 |
| Total Funds | \$5,491,825 | \$1,234,752 | \$0 | \$6,726,577 | \$1,321,434 | \$0 | \$6,813,259 |

Significant Present Law Adjustments -

- Increase federal appropriations to reflect the Montana allocation of UI grants

COMMISSIONER'S OFFICE/CSD



Program Description - The Commissioner's Office and the Legal and Centralized Services Division provide program direction, legal, administration, and support services to the department. Legal and Centralized Services provides the central support functions of the department through five bureaus: 1) Fiscal Support; 2) Information Services; 3) Personnel and Training; 4) Hearings; and 5) Legal Services. Administratively attached is the three-member Board of Labor Appeals, which hears appeals concerning the administration of Montana Unemployment Insurance laws and employer/employee relationships.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Classification Actions | 177 | 128 | 88 | 95 | 95 | 95 |
| Cases Processed | 2,025 | 1,718 | 1,743 | 1,700 | 1,700 | 1,700 |
| Federal Programs | 84 | 80 | 78 | 77 | 77 | 77 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 20.50 | 0.00 | 0.00 | 20.50 | 0.00 | 0.00 | 20.50 |
| Personal Services | 863,365 | 26,115 | 0 | 889,480 | 32,683 | 0 | 896,048 |
| Operating Expenses | 299,791 | 26,577 | 0 | 326,368 | 24,453 | 0 | 324,244 |
| Total Costs | \$1,163,156 | \$52,692 | \$0 | \$1,215,848 | \$57,136 | \$0 | \$1,220,292 |
| General Fund | 133,561 | 32,726 | 0 | 166,287 | 33,168 | 0 | 166,729 |
| State/Other Special | 552,457 | (9,152) | 0 | 543,305 | (7,213) | 0 | 545,244 |
| Federal Special | 437,167 | 15,915 | 0 | 453,082 | 17,696 | 0 | 454,863 |
| Proprietary | 39,971 | 13,203 | 0 | 53,174 | 13,485 | 0 | 53,456 |
| Total Funds | \$1,163,156 | \$52,692 | \$0 | \$1,215,848 | \$57,136 | \$0 | \$1,220,292 |

Significant Present Law Adjustments -

- Support administrative aspect of the Human Rights Act workload at a \$10,996 general fund biennial cost

Proprietary Rates

Program Description - Cost Allocation Plan (CAP) -- The Commissioner's Office and the Legal/Centralized Services Division are funded through a cost allocation plan under which the various other divisions in the agency are assessed a percentage of their personal services cost to support centralized functions. The services provided through this accounting entity are administration, accounting, purchasing, budgeting, personnel, training, mail distribution, and information services.

Input/Output Control Operations Functions -- The Legal/Centralized Services Division recovers costs of a unit called the Input/Output control Operations Function, which provides traffic control of data input, jobs for the mainframe computer system, and report output.

Revenues and Expenses -

Change in Services or Fees. There will no change.

Working Capital Discussion. 60 days of personal services, operations, and miscellaneous operating less non-cash expenses equals approximately \$316,383.00. This figure is the minimum amount necessary to maintain on-going operations. Our working capital balance is used in calculating the final CAP rate.

Fund Equity and Reserved Fund Balance. The program has no requirement to reserve fund balance.

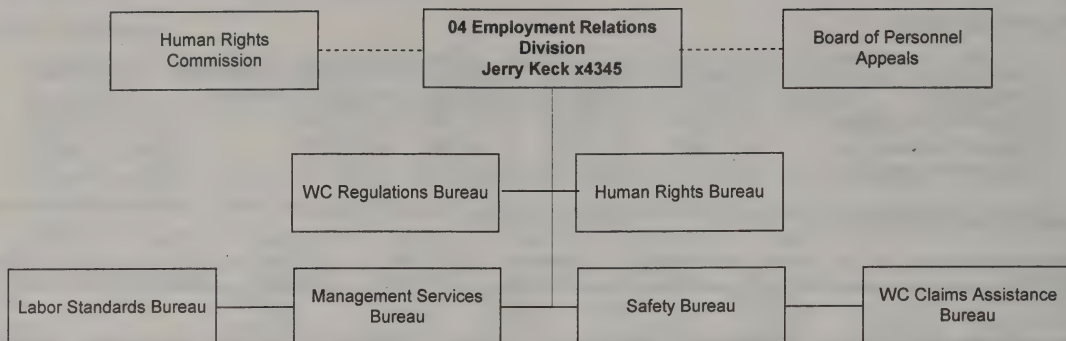
Cash Flow Discussion. There is no cash flow fluctuation.

Rate Explanation - Cost Allocation Plan (CAP) - It is the intent of the legislature that the rates charged for these functions be the rates agreed upon by the United State Department of Labor federal cost negotiator. It is anticipated that the assessment will be as much as 10 percent and 12 percent of a program's actual personal services costs incurred in FY 2002 and FY 2003.

Input/Output Control Operation Functions - Internal users are directly charged for the services received and are billed quarterly.

**LABOR & INDUSTRY
EMPLOYMENT RELATIONS DIVISION**

**6602
04**



Program Description - The Employment Relations Division (ERD) provides five service areas: 1) Workers' Compensation (WC) Regulation, which regulates WC insurance coverage requirements, policy compliance, medical regulations, and cost containment, and WC Claims Assistance Bureau, which assists organizations and individuals to arrive at early, less expensive settlements of their disputes; 2) Labor Standards Bureau, which enforces state and federal labor laws related to the payment of wages, and provides collective bargaining mediation; 3) Safety Bureau, which administers federal and state industrial safety laws; 4) Human Rights Bureau, which enforces Montana Human Rights Act and Governmental Code of Fair Practices through investigations, conciliation, hearings, and education and is responsible for enforcing laws which prohibit discrimination in employment, housing, public accommodations, financing and credit transactions, insurance, education, and government services; 5) Contractor Registration and Independent Contractor Exemption programs, which register contractors; and 6) Board of Personnel Appeals, which deals with issues related to wage and hour, and collective bargaining disputes between employers and employees and is administratively attached.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|----------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Safety Inspections | 344 | 412 | 404 | 432 | 458 | 481 |
| Mine Inspections | 79 | 155 | 170 | 180 | 192 | 202 |
| Wage & Hour Cases Filed | 1,052 | 1138 | 1223 | 1284 | 1300 | 1348 |
| UEF Claims Filed | 130 | 102 | 69 | 100 | 105 | 112 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 115.75 | 5.00 | 0.00 | 120.75 | 5.00 | 0.00 | 120.75 |
| Personal Services | 3,830,270 | 744,020 | 0 | 4,574,290 | 771,114 | 0 | 4,601,384 |
| Operating Expenses | 2,585,937 | (173,120) | 0 | 2,412,817 | (178,784) | 0 | 2,407,153 |
| Equipment | 90,271 | (235) | 0 | 90,036 | (235) | 0 | 90,036 |
| Benefits & Claims | 378,087 | 0 | 0 | 378,087 | 0 | 0 | 378,087 |
| Debt Service | 6 | 0 | 0 | 6 | 0 | 0 | 6 |
| Total Costs | \$6,884,571 | \$570,665 | \$0 | \$7,455,236 | \$592,095 | \$0 | \$7,476,666 |
| General Fund | 757,305 | 168,373 | 0 | 925,678 | 170,102 | 0 | 927,407 |
| State/Other Special | 5,715,686 | 157,440 | 0 | 5,873,126 | 176,441 | 0 | 5,892,127 |
| Federal Special | 411,580 | 244,852 | 0 | 656,432 | 245,552 | 0 | 657,132 |
| Proprietary | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$6,884,571 | \$570,665 | \$0 | \$7,455,236 | \$592,095 | \$0 | \$7,476,666 |

Significant Present Law Adjustments -

- Adjust operating costs to reflect OTO expenditures

**07 Montana Community
Services
Charlie Briggs x2573**

Program Description - Montana Community Services provides administration of federal Corporation for National Service programs (AmeriCorps and Campus Corps), community service, and volunteer efforts statewide, including the Volunteer Montana program. The office was created by the 1993 Legislature at the request of the Governor (MCA 90-14-101ff) in order to support community-based volunteer programs focused on addressing critical community needs. The vision of the office and its Commission on Community Service is to cultivate service as a lifelong "habit of the heart" for all citizens, and in particular, instill an ethic of community service in young Montanans. To that end, in the 2003 biennium, the office is committed to:

- Encouraging all Montana citizens to engage in service activities in their community; involving youth in the life and work of communities; and expanding service opportunities for all Montanans.
- Contracting with and monitoring grants to community organizations utilizing part-time and full-time volunteers in an effort to make a difference, as well as work with other partners from the Corporation for National Service, which includes primarily the Office of Public Instruction, the University of Montana Campus Compact, and the Corporation State Office.
- Assisting some forty communities through training, technical assistance, monitoring and, where feasible, community "seed grants" in order to realize local action plans that encompass the Montana's Promise Initiative. Communities are working to ensure they have available for their children and youth the following five resources for healthy, productive living: 1) an ongoing relationship with a caring adult; 2) safe places and structured activities after school to learn and grow; 3) a healthy start in life; 4) marketable skills through effective education; and 5) opportunities for community service.
- Coordinating and overseeing annual training and technical assistance activities for national service programs in Montana, through AmeriCorps*USA, the National Senior Service Corps, and Learn & Serve America.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|----------------------|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| AmericaCorps members | 211 | 225 | 197 | 271 | 375 | 400 |

| Program Proposed Budget | | | | | | | |
|--------------------------------|--|---|--|---|---|--|---|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 3.00 | 2.00 | 0.00 | 5.00 | 2.00 | 0.00 | 5.00 |
| Personal Services | 134,128 | 36,218 | 0 | 170,346 | 37,808 | 0 | 171,936 |
| Operating Expenses | 182,945 | 72,489 | 0 | 255,434 | 71,824 | 0 | 254,769 |
| Grants | 1,552,195 | 1,119,000 | 0 | 2,671,195 | 1,119,000 | 0 | 2,671,195 |
| Total Costs | \$1,869,268 | \$1,227,707 | \$0 | \$3,096,975 | \$1,228,632 | \$0 | \$3,097,900 |
| General Fund | 24,895 | 75,000 | 0 | 99,895 | 75,000 | 0 | 99,895 |
| State/Other Special | 4,999 | 23,192 | 0 | 28,191 | 23,201 | 0 | 28,200 |
| Federal Special | 1,839,374 | 1,129,515 | 0 | 2,968,889 | 1,130,431 | 0 | 2,969,805 |
| Total Funds | \$1,869,268 | \$1,227,707 | \$0 | \$3,096,975 | \$1,228,632 | \$0 | \$3,097,900 |

Significant Present Law Adjustments -

- Accept an additional \$1.129 million federal dollars from the Corporation for National Service

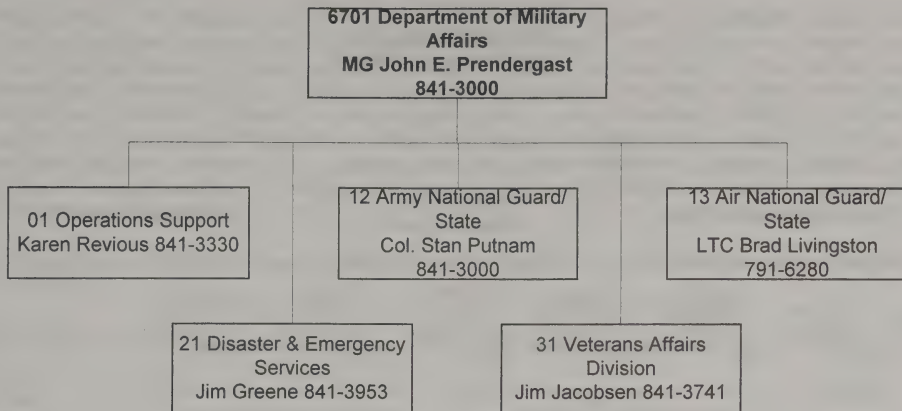
09 Workers Compensation
Court
Judge Mike McCarter x7794

Program Description - The Workers' Compensation Court provides a forum for Montana employees and the insurance industry to resolve disputes arising from work-related injuries and occupational disease. The court is attached to the department for administrative purposes.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-----------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Petitions Filed | 235 | 266 | 255 | 281 | 309 | 337 |
| Trials | 61 | 57 | 64 | 71 | 85 | 100 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 6.00 | 0.00 | 0.00 | 6.00 | 0.00 | 0.00 | 6.00 |
| Personal Services | 297,569 | 2,877 | 0 | 300,446 | 4,099 | 0 | 301,668 |
| Operating Expenses | 98,804 | 28,561 | 0 | 127,365 | 32,287 | 0 | 131,091 |
| Total Costs | \$396,373 | \$31,438 | \$0 | \$427,811 | \$36,386 | \$0 | \$432,759 |
| State/Other Special | 396,373 | 31,438 | 0 | 427,811 | 36,386 | 0 | 432,759 |
| Total Funds | \$396,373 | \$31,438 | \$0 | \$427,811 | \$36,386 | \$0 | \$432,759 |



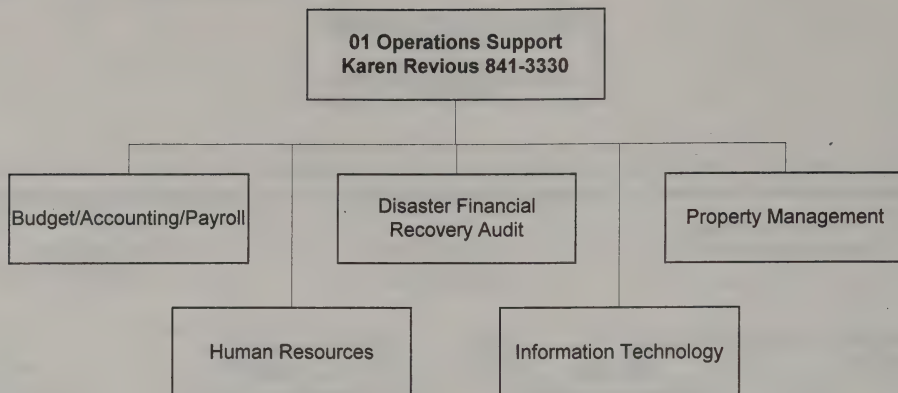
Mission Statement - To provide for safety and well being for citizens of Montana through mission-ready forces, for federal and state activations, emergency services as directed by the Governor, and services to Montana Veterans.

Statutory Authority - Article I, U.S. Constitution; Article VI, Section 13, Montana Constitution; Title 10, MCA

Executive Budget Recommendation -

- Maintain the Montana National Guard Youth ChalleNge Program for youth ages 16-18
- Continue the Montana Guard Scholarship Program to assist with recruiting and retention
- Strengthen Army Guard facilities with 7.00 FTE for maintenance, construction, operations, and planning support
- Sustain armory paint projects
- Restore zero-based overtime and holiday pay for state fire fighters in the Air National Guard
- Augment current security contract to provide additional coverage using federal funds
- Annualize DES general fund in accord with legislative intent from last session
- Enhance FEMA federal pass through funds to counties to assist them with disaster planning
- Establish 1.00 FTE and federal authority for Terrorism/Weapons of Mass Destruction project
- Create state special revenue funding for the operation of the Eastern Montana State Veterans Cemetery

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 105.20 | 7.80 | 45.00 | 158.00 | 7.80 | 45.00 | 158.00 |
| Personal Services | 4,069,148 | 482,221 | 1,458,914 | 6,010,283 | 508,466 | 1,464,541 | 6,042,155 |
| Operating Expenses | 4,369,972 | 628,395 | 1,869,899 | 6,868,266 | 715,062 | 1,515,149 | 6,600,183 |
| Equipment | 41,767 | 15,000 | 0 | 56,767 | 49,830 | 0 | 91,597 |
| Grants | 374,771 | 265,229 | 491,290 | 1,131,290 | 265,229 | 49,018 | 689,018 |
| Benefits & Claims | 11,215 | (8,935) | 0 | 2,280 | (8,935) | 0 | 2,280 |
| Debt Service | 7,093 | (7,093) | 0 | 0 | (7,093) | 0 | 0 |
| Total Costs | \$8,873,966 | \$1,374,817 | \$3,820,103 | \$14,068,886 | \$1,522,559 | \$3,028,708 | \$13,425,233 |
| General Fund | 2,793,106 | 332,794 | 1,470,000 | 4,595,900 | 401,074 | 1,120,000 | 4,314,180 |
| State/Other Special | 82,946 | 114,651 | 2,500 | 200,097 | 114,651 | 2,500 | 200,097 |
| Federal Special | 5,997,914 | 927,372 | 2,347,603 | 9,272,889 | 1,006,834 | 1,906,208 | 8,910,956 |
| Total Funds | \$8,873,966 | \$1,374,817 | \$3,820,103 | \$14,068,886 | \$1,522,559 | \$3,028,708 | \$13,425,233 |



Program Description - The Operations Support Program provides departmental administration through the Office of the Adjutant General and department-wide support for accounting, fiscal management, personnel, labor relations, and purchasing and property management oversight. The program operates in accordance with Title 2, Chapter 15, part 12 and Title 10, MCA.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|-----------------------------------|------------------------------|-----------------------------------|-----------------------------------|------------------------------|-----------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 6.60 | 0.60 | 1.00 | 8.20 | 0.60 | 1.00 | 8.20 |
| Personal Services | 304,136 | 55,321 | 36,548 | 396,005 | 57,378 | 37,153 | 398,667 |
| Operating Expenses | 53,838 | 2,584 | 0 | 56,422 | 3,656 | 0 | 57,494 |
| Benefits & Claims | 2,280 | 0 | 0 | 2,280 | 0 | 0 | 2,280 |
| Total Costs | \$360,254 | \$57,905 | \$36,548 | \$454,707 | \$61,034 | \$37,153 | \$458,441 |
| General Fund | 324,696 | 57,695 | 0 | 382,391 | 60,566 | 0 | 385,262 |
| Federal Special | 35,558 | 210 | 36,548 | 72,316 | 468 | 37,153 | 73,179 |
| Total Funds | \$360,254 | \$57,905 | \$36,548 | \$454,707 | \$61,034 | \$37,153 | \$458,441 |

Significant Present Law Adjustments -

- Increase administrative officer from 0.40 FTE to 1.00 FTE to account for disasters

New Proposals -

- Add 1.00 FTE compliance specialist using federal special revenue for the Obligation Tracking System

**DEPT OF MILITARY AFFAIRS
CHALLENGE PROGRAM**

**6701
02**

Program Description - The Montana National Guard Youth ChalleNge Program is a volunteer program for youth ages 16 to 18 who have stopped attending secondary school before graduating. ChalleNge is a 17-month, voluntary two-phased military modeled training program targeting unemployed drug-free and law-free high school dropouts. The program provides an opportunity for high school at risk youth to enhance their life skills, increase their educational levels, and their employment potential. Phase I of the program is a 22 week residential stay on the campus of Western Montana College of the University of Montana in Dillon focusing on physical training, classroom instruction, personal development, and life skills. Phase II is a year-long mentoring relationship with a specially-trained member of the community where the youth resides to provide a positive role model and to assist the student in gaining employment or enrolling in post-secondary schooling.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.00 | 0.00 | 43.00 | 43.00 | 0.00 | 43.00 | 43.00 |
| Personal Services | 0 | 0 | 1,382,601 | 1,382,601 | 0 | 1,387,351 | 1,387,351 |
| Operating Expenses | 0 | 0 | 1,417,399 | 1,417,399 | 0 | 1,412,649 | 1,412,649 |
| Total Costs | \$0 | \$0 | \$2,800,000 | \$2,800,000 | \$0 | \$2,800,000 | \$2,800,000 |
| General Fund | 0 | 0 | 1,120,000 | 1,120,000 | 0 | 1,120,000 | 1,120,000 |
| Federal Special | 0 | 0 | 1,680,000 | 1,680,000 | 0 | 1,680,000 | 1,680,000 |
| Total Funds | \$0 | \$0 | \$2,800,000 | \$2,800,000 | \$0 | \$2,800,000 | \$2,800,000 |

New Proposals -

- Maintain the Montana National Guard Youth ChalleNge Program

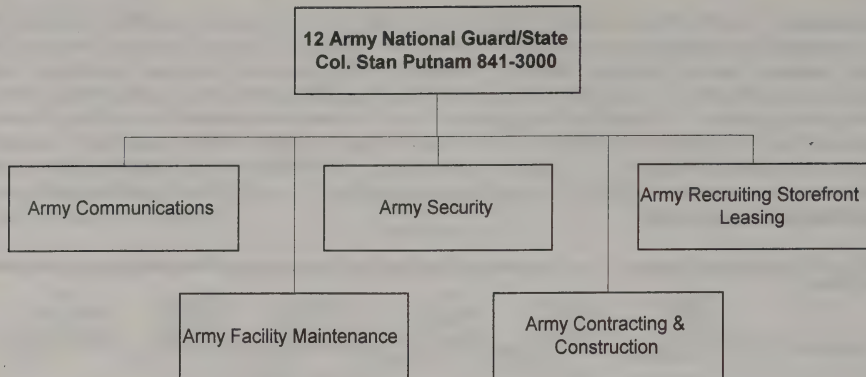
SCHOLARSHIP PROGRAM

Program Description - The Montana National Guard Scholarship Program provides scholarships of up to \$500 per semester to eligible Montana National Guard personnel enrolled as undergraduate students in colleges, universities, or training programs. The program assists Montana in increasing its assigned personnel strength in both the Army and Air National Guard and in enhancing its operational readiness to assume both state and federal active duty missions. Scholarships also reward guard members for their service to the state by helping defray their educational costs at Montana post-secondary institutions.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Operating Expenses | 0 | 0 | 350,000 | 350,000 | 0 | 0 | 0 |
| Total Costs | \$0 | \$0 | \$350,000 | \$350,000 | \$0 | \$0 | \$0 |
| General Fund | 0 | 0 | 350,000 | 350,000 | 0 | 0 | 0 |
| Total Funds | \$0 | \$0 | \$350,000 | \$350,000 | \$0 | \$0 | \$0 |

New Proposals -

- Continue the Montana Guard Scholarship Program to assist with recruiting and retention



Program Description - The Army National Guard provides a trained and equipped military organization for use in the event of a state or national emergency. This program provides facilities management, environmental, and communications support to the organization by: 1) providing professional and skilled personnel for the administration, planning, and execution of statewide repair and maintenance functions on facilities and training areas; 2) planning, programming and contracting for construction; 3) ensuring all activities and facilities comply with environmental regulations; and 4) providing state-wide communication services, security contracts, and leases for buildings and land used by the Army National Guard. The program is mandated by the U.S. and Montana constitutions and Title 10, Chapters 1-3, MCA.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Army Guard Facilities Square Footage | 1,271,000 | 1,400,000 | 1,510,000 | 1,535,000 | 1,788,000 | 1,898,000 |
| Utility Costs per sq. ft. | \$.63 | \$.66 | \$.59 | \$.65 | \$.64 | \$.60 |

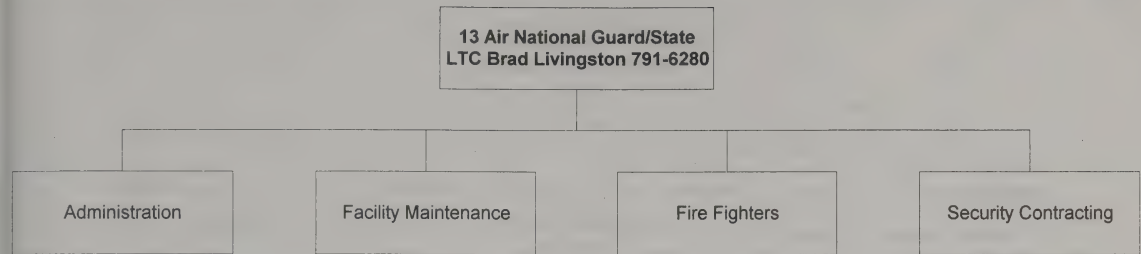
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 26.30 | 7.00 | 0.00 | 33.30 | 7.00 | 0.00 | 33.30 |
| Personal Services | 1,011,635 | 276,160 | 0 | 1,287,795 | 283,332 | 0 | 1,294,967 |
| Operating Expenses | 3,222,333 | 479,450 | 2,500 | 3,704,283 | 587,978 | 2,500 | 3,812,811 |
| Equipment | 41,767 | 15,000 | 0 | 56,767 | 32,500 | 0 | 74,267 |
| Debt Service | 7,093 | (7,093) | 0 | 0 | (7,093) | 0 | 0 |
| Total Costs | \$4,282,828 | \$763,517 | \$2,500 | \$5,048,845 | \$896,717 | \$2,500 | \$5,182,045 |
| General Fund | 1,150,302 | 163,828 | 0 | 1,314,130 | 216,283 | 0 | 1,366,585 |
| State/Other Special | 3,138 | 22,862 | 2,500 | 28,500 | 22,862 | 2,500 | 28,500 |
| Federal Special | 3,129,388 | 576,827 | 0 | 3,706,215 | 657,572 | 0 | 3,786,960 |
| Total Funds | \$4,282,828 | \$763,517 | \$2,500 | \$5,048,845 | \$896,717 | \$2,500 | \$5,182,045 |

Significant Present Law Adjustments -

- Strengthen Army Guard facilities with 7.00 FTE for maintenance, construction, operational and planning support
- Sustain armory paint projects with two interiors and two exteriors in the biennium
- Lower out-of-state travel base to five-year average

New Proposals -

- Create state special revenue authority for Distance Learning so non-military users may pay for a portion of the project, which is otherwise 100 percent federally-funded



Program Description - The Air National Guard program maintains a trained and equipped military organization for use in the event of a state or national emergency. The program staff provides administrative, facilities maintenance, and fire protection support to the Air National Guard base at Gore Hill near Great Falls. The Air National Guard Program operates under both federal and state mandates in accordance with its dual missions to maintain a trained and ready military force and a state civil disaster response capability.

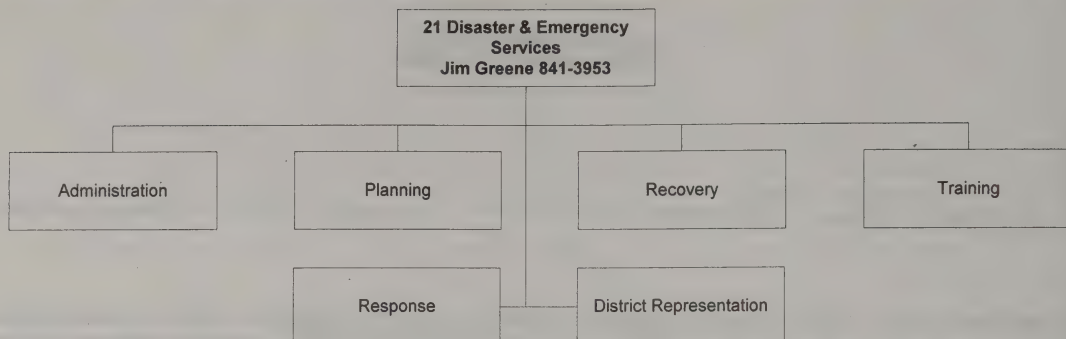
Program Indicators --

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Spent | 412,775 | 426,597 | 398,190 | 395,000 | 398,000 | 408,000 |
| Construction Cost | 39,688,147 | 35,045,073 | 38,153,974 | 37,153,974 | 39,803,974 | 40,998,093 |
| Percent | 1.04% | 1.22% | 1.04% | 1.06% | .99% | 1.0% |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 33.00 | 0.00 | 0.00 | 33.00 | 0.00 | 0.00 | 33.00 |
| Personal Services | 1,299,731 | 102,908 | 0 | 1,402,639 | 111,460 | 0 | 1,411,191 |
| Operating Expenses | 687,734 | 153,417 | 0 | 841,151 | 143,868 | 0 | 831,602 |
| Total Costs | \$1,987,465 | \$256,325 | \$0 | \$2,243,790 | \$255,328 | \$0 | \$2,242,793 |
| General Fund | 196,218 | 6,183 | 0 | 202,401 | 13,473 | 0 | 209,691 |
| Federal Special | 1,791,247 | 250,142 | 0 | 2,041,389 | 241,855 | 0 | 2,033,102 |
| Total Funds | \$1,987,465 | \$256,325 | \$0 | \$2,243,790 | \$255,328 | \$0 | \$2,242,793 |

Significant Present Law Adjustments -

- Restore zero-based overtime and holiday pay for state fire fighters in the Air National Guard
- Augment current security contract to provide additional coverage using federal funds



Program Description - The Disaster and Emergency Services Division: 1) works with local, state, and federal officials to prepare, update, and coordinate emergency preparedness, mitigation, response, and recovery plans; 2) provides technical assistance and coordination of the state response to assist political subdivisions in time of emergencies; and 3) receives, records, and disburses federal funds to eligible political subdivisions. Political subdivisions must provide matching funds for all federal reimbursement programs except disaster recovery and Federal Emergency Management Agency Terrorism program. The division is responsible for disaster planning activities, responding quickly and effectively to disasters and emergencies, being a source of information and a 24-hour contact point, and coordinating state assistance to local governments. The program is provided for in Title 10, Chapter 3, MCA.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Local Government | 37 | 45 | 97 | 45 | 50 | 50 |
| Disaster Training Classes | | | | | | |
| State Declarations | 2 | 5 | 6 | 2 | NA | NA |

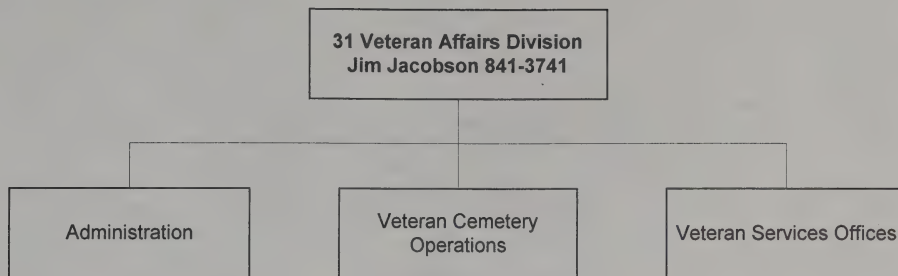
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 20.00 | 0.00 | 1.00 | 21.00 | 0.00 | 1.00 | 21.00 |
| Personal Services | 829,179 | 21,399 | 39,765 | 890,343 | 25,589 | 40,037 | 894,805 |
| Operating Expenses | 302,349 | (117,463) | 100,000 | 284,886 | (117,463) | 100,000 | 284,886 |
| Equipment | 0 | 0 | 0 | 0 | 17,330 | 0 | 17,330 |
| Grants | 374,771 | 265,229 | 491,290 | 1,131,290 | 265,229 | 49,018 | 689,018 |
| Benefits & Claims | 8,935 | (8,935) | 0 | 0 | (8,935) | 0 | 0 |
| Total Costs | \$1,515,234 | \$160,230 | \$631,055 | \$2,306,519 | \$181,750 | \$189,055 | \$1,886,039 |
| General Fund | 454,972 | 56,981 | 0 | 511,953 | 71,755 | 0 | 526,727 |
| State/Other Special | 18,541 | 3,056 | 0 | 21,597 | 3,056 | 0 | 21,597 |
| Federal Special | 1,041,721 | 100,193 | 631,055 | 1,772,969 | 106,939 | 189,055 | 1,337,715 |
| Total Funds | \$1,515,234 | \$160,230 | \$631,055 | \$2,306,519 | \$181,750 | \$189,055 | \$1,886,039 |

Significant Present Law Adjustments -

- Federal spending adjustment
- Annualize general fund in accord with legislative intent from the last session
- Eliminate benefits and claims funding for a one-time back pay cost
- Reduce out-of-state travel
- Enhance FEMA federal pass through funds to counties to assist them with disaster planning and training efforts
- Replace existing server

New Proposals -

- Establish 1.00 FTE and federal authority for Terrorism/Weapons of Mass Destruction project



Program Description - The Veterans Affairs Division assists discharged veterans and their families, cooperates with state and federal agencies, promotes the general welfare of veterans, and provides information on veterans' benefits. The program also administers the veterans' cemeteries located at Miles City and at Fort Harrison, in Helena. The Board of Veterans' Affairs is administratively attached to the Department of Military Affairs, and operates under a state mandate provided in Title 10, Chapter 2, MCA.

Program Indicators --

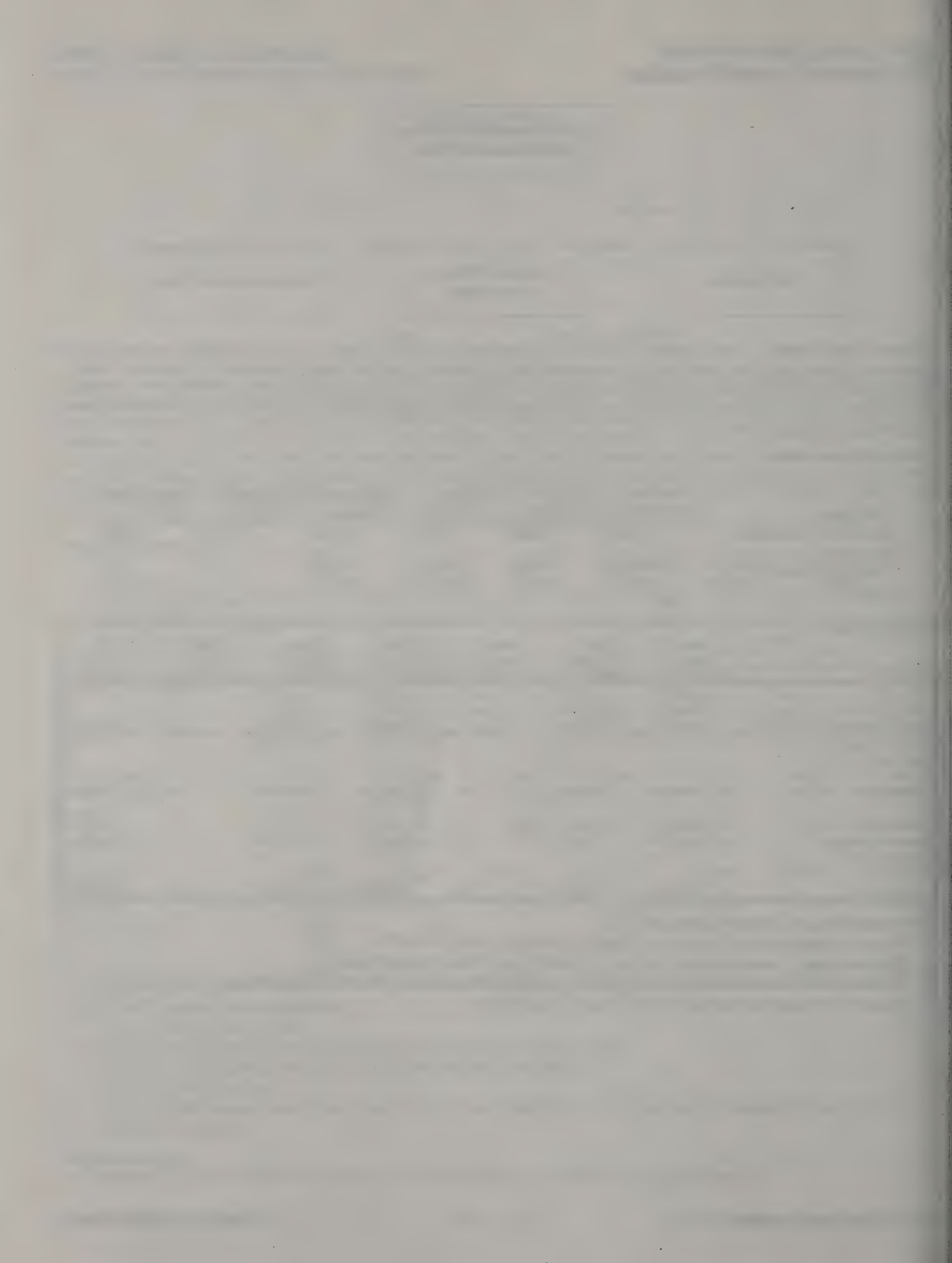
| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Benefits for Montana Veterans | \$32M | \$34M | \$42M | \$43M | \$44M | \$45M |
| Veteran Cemetery Burials | 115 | 126 | 149 | 180 | 210 | 240 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
|---------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 19.30 | 0.20 | 0.00 | 19.50 | 0.20 | 0.00 | 19.50 |
| Personal Services | 624,467 | 26,433 | 0 | 650,900 | 30,707 | 0 | 655,174 |
| Operating Expenses | 103,718 | 110,407 | 0 | 214,125 | 97,023 | 0 | 200,741 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$728,185 | \$136,840 | \$0 | \$865,025 | \$127,730 | \$0 | \$855,915 |
| General Fund | 666,918 | 48,107 | 0 | 715,025 | 38,997 | 0 | 705,915 |
| State/Other Special | 61,267 | 88,733 | 0 | 150,000 | 88,733 | 0 | 150,000 |
| Federal Special | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | \$728,185 | \$136,840 | \$0 | \$865,025 | \$127,730 | \$0 | \$855,915 |

Significant Present Law Adjustments -

- Expand Missoula field office service technician from 0.80 FTE to 1.00 FTE
- Maximize state special revenue accounts at the Montana State Veterans Cemetery
- Establish state special revenue funding for the operation of the Eastern Montana State Veterans Cemetery
- Support computer replacement and purchase of two copiers





EDUCATION

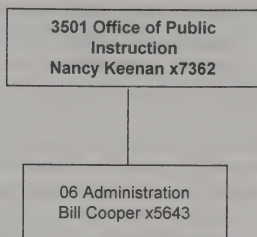
Office of Public Instruction
Board of Public Education
School for the Deaf & Blind
Montana Arts Council
Library Commission
Montana Historical Society
Commissioner of Higher Education
Montana University System (MUS)

Montana State University
University of Montana
Colleges of Technology
Bureau of Mines
Agricultural Experiment Station
Cooperative Extension Service
Forestry Experiment Station
Fire Services Training School

OBPP Staff*

| | |
|---------------|-------|
| Beckie Graham | x3242 |
| Mark Bruno | x4588 |
| Amy Carlson | x4893 |

*See Reference Page 1 for specific staff assignments



Mission Statement - To advocate for, communicate with, be accountable to and educate those we serve.

Statutory Authority - Title 20, MCA

Supplemental Appropriation Description - The Office of Public Instruction is requesting supplemental appropriations to distribute BASE aid as required by statute, Timber Harvest/Technology monies set aside for school districts for school year 2000 - 2001, and employee termination costs from the previous administration.

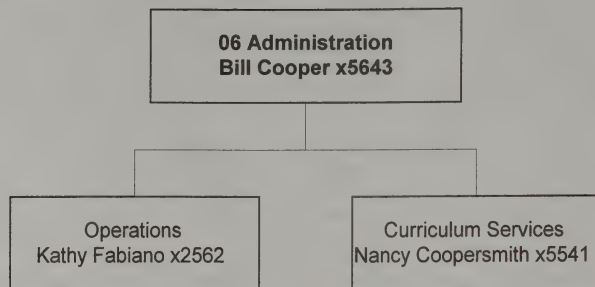
Executive Recommended Legislation -

- Increase the basic and per-ANB entitlements for K-12 BASE aid by 3 percent in FY 2003
- Implement selections from the Governor's task force report on Teacher Shortage/Salaries
 - Create the student loan repayment program for specific categories of teachers
 - Establish a teacher mentoring grant program for districts
 - Statutorily establish the National Board Certification stipends

Executive Budget Recommendation -

- Implement the School Improvement initiative

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 114.01 | 0.25 | 14.09 | 128.35 | 0.25 | 14.09 | 128.35 |
| Personal Services | 4,852,546 | 302,864 | 527,203 | 5,682,613 | 333,682 | 529,015 | 5,715,243 |
| Operating Expenses | 4,807,538 | 1,345,430 | 2,059,431 | 8,212,399 | 1,344,120 | 2,094,302 | 8,245,960 |
| Equipment | 47,351 | 25,000 | 0 | 72,351 | 25,000 | 0 | 72,351 |
| Local Assistance | 477,179,483 | 9,016,287 | 930,000 | 487,125,770 | 3,873,528 | 16,049,914 | 497,102,925 |
| Grants | 74,197,792 | 6,307,721 | 7,732,961 | 88,238,474 | 8,159,472 | 8,276,661 | 90,633,925 |
| Total Costs | \$561,084,710 | \$16,997,302 | \$11,249,595 | \$589,331,607 | \$13,735,802 | \$26,949,892 | \$601,770,404 |
| General Fund | 480,885,526 | 9,453,712 | 2,537,064 | 492,876,302 | 4,329,991 | 17,681,377 | 502,896,894 |
| State/Other Special | 1,242,216 | (156,222) | (152,083) | 933,911 | (156,191) | (152,114) | 933,911 |
| Federal Special | 78,956,968 | 7,699,812 | 8,712,531 | 95,369,311 | 9,562,002 | 9,268,515 | 97,787,485 |
| Proprietary | 0 | 0 | 152,083 | 152,083 | 0 | 152,114 | 152,114 |
| Total Funds | \$561,084,710 | \$16,997,302 | \$11,249,595 | \$589,331,607 | \$13,735,802 | \$26,949,892 | \$601,770,404 |



Program Description - The Administration program provides leadership and coordination of services to a variety of school and public groups. The staff provides assistance to the Superintendent of Public Instruction in performing prescribed duties. The program: 1) supports the Superintendent's statutory role with the Board of Public Education, Board of Regents, and Land Board; 2) is responsible for the distribution and accounting of state and federal funds provided to school districts; 3) provides operational support to OPI; and 4) provides assistance and information to school districts. The program administers all federal grants received by OPI, including the budgets for: 1) curriculum assistance; 2) special education; 3) ESEA Title I, II, III, IV and VI administration; 4) secondary vocational education administration; and 5) other educational services including driver's education, school food services, and audiology.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Certified Staff (FTE) Employed by Public Schools | 11,938 | 11,902 | 12,004 | 12,000 | 12,000 | 12,000 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 114.01 | 0.25 | 14.09 | 128.35 | 0.25 | 14.09 | 128.35 |
| Personal Services | 4,852,546 | 302,864 | 527,203 | 5,682,613 | 333,682 | 529,015 | 5,715,243 |
| Operating Expenses | 4,805,731 | 1,345,430 | 2,059,431 | 8,210,592 | 1,344,120 | 2,094,302 | 8,244,153 |
| Equipment | 47,351 | 25,000 | 0 | 72,351 | 25,000 | 0 | 72,351 |
| Local Assistance | 15,330 | 0 | 0 | 15,330 | 0 | 0 | 15,330 |
| Total Costs | \$9,720,958 | \$1,673,294 | \$2,586,634 | \$13,980,886 | \$1,702,802 | \$2,623,317 | \$14,047,077 |
| General Fund | 4,330,299 | 178,499 | 1,532,064 | 6,040,862 | 197,537 | 1,556,463 | 6,084,299 |
| State/Other Special | 242,216 | 93,778 | (152,083) | 183,911 | 93,809 | (152,114) | 183,911 |
| Federal Special | 5,148,443 | 1,401,017 | 1,054,570 | 7,604,030 | 1,411,456 | 1,066,854 | 7,626,753 |
| Proprietary | 0 | 0 | 152,083 | 152,083 | 0 | 152,114 | 152,114 |
| Total Funds | \$9,720,958 | \$1,673,294 | \$2,586,634 | \$13,980,886 | \$1,702,802 | \$2,623,317 | \$14,047,077 |

New Proposals -

- Implement School Improvement, Focus on Learning, with \$2.2 million in general fund for the following: provide for annual testing of grades 4, 8, and 11, development and publication of biennial Profile of Montana Schools, improving student learning through the development of a statewide system of support for teachers and administrators.
- Develop guides for incorporating American Indian content into all content and performance standards and improve communication between the American Indian community and the education community for a cost of \$120,000.
- Keep up with the continually changing and increasing complexity of school funding by adding one FTE and approximately \$50,000 per year to the school distribution area
- Complete schools non-fiscal data information system and provide on going support with \$100,000 general fund

- Enhance the quality of education for students with disabilities and improve the availability of trained personnel with a federal grant which includes 2.75 FTE and \$1.1 million
- Transfer funding for tobacco education in schools from DPHHS to OPI
- Change accounting of Advanced Driver's Education program fund from state special to proprietary
- Encourage low-income students to participate in Advance Placement courses with a federal grant
- Provide improved leadership and support for school health programs with a federal grant
- Implement three recommendations of the Teacher Shortage/ Salaries Task Force: Encourage new teachers to work in rural areas of Montana with a loan forgiveness program, assist districts to develop mentoring programs to improve the skills and retention of beginning teachers, and provide a \$3,000 annual stipend for Montana teachers who are certified by the National Board of Professional Teaching Standards

Language Recommendations – The following language is recommended for HB 2:

"There shall be an Advanced Driver's education proprietary account for the collection and expenditure of tuition."

"Items [federal funds] are biennial appropriations."

"Item [National board Certification] is contingent on passage and approval of LC132."

Proprietary Rates

Program Description -OPI Indirect Cost Pool - OPI's internal service fund (fund 06512) is used to pool internal and statewide central service type costs that are charged back to all of OPI's state and federally funded programs using a pre-approved indirect cost rate.

Revenues and Expenses - Expenditures accounted for as indirect costs include all internal payroll, human resource, accounting, budgeting, cash management, financial reporting, procurement, word-processing, mail deliver, library services, most statewide fixed costs, statewide indirect costs, and all other costs that cannot reasonably be identified to a particular program. A total of 19.55 FTE are funded from revenues deposited in this fund.

Indirect cost pool revenues are based on expenditures recorded in the Administration Program. Applying an approved indirect cost rate to all direct personal service generates revenues and operating expenditures recorded in both state and federally funded programs.

In order to comply with federal regulations (OMB Circular A-87) and a recent Legislative audit recommendation, effective July 1, 2000 OPI began paying termination costs for all employees, except personal staff to the State Superintendent, out of the indirect cost pool. Also, effective July 1, 2001 OPI will begin paying Department of Administration charges for SABHRS as an indirect cost, thereby allocating the cost to both State and Federal programs.

There is no requirement to reserve fund balance. Management's objective is to maintain the minimum balance necessary for on-going operations. If a significant balance accumulates because direct expenses increase at a faster rate than indirect expenses, the approved rate will adjust downward over time to reduce the excess.

Rate Explanation -OPI negotiates a three-year "predetermined rate" with the U.S. Department of Education. The rate is calculated in accordance with federal regulations and 17-3-111(1), MCA. The rate approved for fiscal years 1999 through 2001 is 17 percent. A new rate will be negotiated for the 2003 biennium based on actual costs incurred in FY 2000. No significant change in the rate is anticipated.

Significant Present Law -

Establish the base budget for the indirect cost pool at half the biennial amount appropriated for the 2001 biennium. Additional authority is needed to pay for Department of Administration SABHRS charges and for paying the cost of employee terminations.

**OFFICE OF PUBLIC INSTRUCTION
DISTRIBUTION TO PUBLIC SCHOOLS**

**3501
09**

Program Description - The Distribution to Public Schools program is used by OPI to distribute various state and federal funds to local education agencies.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| K-12 Public School Enrollment Public Schools | 162,335 | 159,982 | 157,556 | 155,860 | 153,904 | 151,728 |
| | 886 | 884 | 880 | 882 | 880 | 880 |

Budget History -

Table E1 displays a short history and recommendations of school funding. In the 2001 biennium, the legislature has increased the percentage of state aid in school district general fund revenues through increasing the percentage of the districts' Base budgets that are funded with direct state aid. Direct state aid (DSA) is given to all districts regardless of the taxable value within a district. Guaranteed Tax Base Aid (GTB) is state funding for the remaining portion of the entitlements up to 80 percent plus a portion of the state special education funding. State GTB aid varies by district depending on the taxable value relative to the costs of the district. Districts with very high taxable values or high non-levy revenues, receive no GTB aid, while districts with very low taxable values and non-levy revenue receive a high level of GTB aid.

**Table E1
Entitlements, Enrollments, and State Aid**

| | FY 1999 actual | FY 2000 actual | FY 2001 estimate | FY 2002 recommend | FY 2003 recommend |
|---|-------------------|-------------------|---------------------|----------------------|----------------------|
| Elementary entitlements | | | | | |
| per district | \$ 18,000 | \$ 18,000 | \$ 18,540 | \$ 18,540 | \$ 19,096 |
| per ANB (approx./student) | \$ 3,410 | \$ 3,529 | \$ 3,763 | \$ 3,763 | \$ 3,876 |
| High School entitlements | | | | | |
| per district | \$ 200,000 | \$ 200,000 | \$ 206,000 | \$ 206,000 | \$ 212,180 |
| per ANB (approx./student) | \$ 4,773 | \$ 4,821 | \$ 5,015 | \$ 5,015 | \$ 5,165 |
| Base budget components (80% of entitlements) | | | | | |
| Direct State Aid | 40.0% | 41.1% | 44.7% | 44.7% | 44.7% |
| Guaranteed Tax Base Aid | 40.0% | 38.9% | 35.3% | 35.3% | 35.3% |
| Average number belonging (ANB) | 161,753 | 159,592 | 157,538 | 155,137 | 153,141 |
| Total state aid to district general fund (millions) | \$ 425.7 | \$ 439.2 | \$ 458.8 | \$ 447.4 | \$ 456.3 |
| Average state aid/ANB to district general fund | \$ 2,632 | \$ 2,752 | \$ 2,912 | \$ 2,884 | \$ 2,980 |

Note that the cost per student declines from fiscal 2001 to fiscal 2002 due to an anomaly resulting from the technical calculation of the GTB level. With the declining taxable values and decreasing GTB area, the GTB level is unusually high in FY 2001 and returns to a "regular" level in FY 2002 and beyond.

It has been nearly a decade since the last thorough study of school finance in Montana. It assumed that the legislature will include in its interim study committee agenda, a study of school finance that will take look at the various aspects of school funding and make recommendations for future action.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| Operating Expenses | 1,807 | 0 | 0 | 1,807 | 0 | 0 | 1,807 |
| Local Assistance | 477,164,153 | 9,016,287 | 930,000 | 487,110,440 | 3,873,528 | 16,049,914 | 497,087,595 |
| Grants | 74,197,792 | 6,307,721 | 7,732,961 | 88,238,474 | 8,159,472 | 8,276,661 | 90,633,925 |
| Total Costs | \$551,363,752 | \$15,324,008 | \$8,662,961 | \$575,350,721 | \$12,033,000 | \$24,326,575 | \$587,723,327 |
| General Fund | 476,555,227 | 9,275,213 | 1,005,000 | 486,835,440 | 4,132,454 | 16,124,914 | 496,812,595 |
| State/Other Special | 1,000,000 | (250,000) | 0 | 750,000 | (250,000) | 0 | 750,000 |
| Federal Special | 73,808,525 | 6,298,795 | 7,657,961 | 87,765,281 | 8,150,546 | 8,201,661 | 90,160,732 |
| Total Funds | \$551,363,752 | \$15,324,008 | \$8,662,961 | \$575,350,721 | \$12,033,000 | \$24,326,575 | \$587,723,327 |

Significant Present Law Adjustments -

- Increase Basic and per ANB entitlements and direct state aid percentage from the FY 2000 to the FY 2001 levels with the anticipated enrollments for FY 2002 and FY 2003
- Continue statutory transportation payments to counties for approved transportation routes at anticipated level

New Proposals -

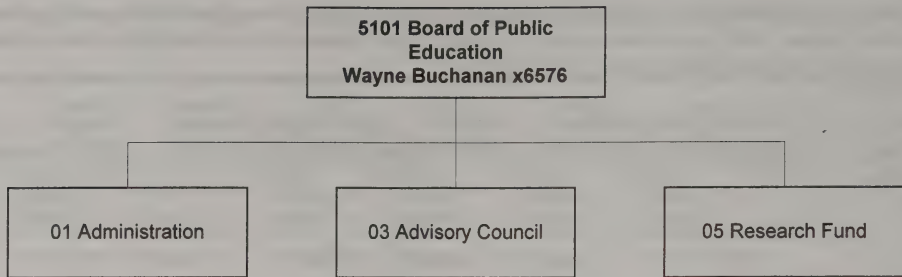
- Raise the Basic and per-ANB entitlements and special education for schools by 3 percent in FY 2003 for a cost of \$14.4 million general fund
- Maintain full funding for school facility bond payments to guaranteed tax base aid eligible school districts with \$1.05 million general fund
- Meet needs of Adult Basic Education federal match and maintain flexibility of local programs with an additional \$75,000 per year
- Provide comprehensive school reform grants to districts with \$1.9 million of federal revenue in the biennium
- Continue the federally funded Reduced Class Size program with a federal grant of \$13.5 million in the biennium
- Encourage low-income students to participate in Advanced Placement courses with a federal grant of \$433,500 in the biennium
- Implement two recommendations of the Teacher Shortage/Teacher Salaries Task Force: establish a student loan repayment program for teachers in under served areas and encourage school districts to establish mentoring programs through state grants with \$1.5 million general fund in the biennium

Language Recommendations – The following language is recommended for HB 2:

"The office of public instruction may distribute funds from the appropriation in item [in-state treatment] to public school districts for the purpose of providing educational costs of day-treatment services."

"Items [all general funds and all federal funds] are biennial appropriations."

"Item [Timber Harvest for Technology] is for school technology as provided in 20-9-534. The amount expended may not exceed the amount paid into the general fund under the provisions of 20-9-343(3)(a)(ii)."



Mission Statement - To exercise "general supervision over the public school system", govern the Montana School for the Deaf and Blind and, together with the Board of Regents, do the general planning, coordinating, and evaluating of the state educational system.

Statutory Authority - Article X, Section 9, Montana Constitution, 2-15-1507 and 2-15-1522, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 4.00 | 0.00 | 0.00 | 4.00 | 0.00 | 0.00 | 4.00 |
| Personal Services | 165,764 | 18,898 | 0 | 184,662 | 19,840 | 0 | 185,604 |
| Operating Expenses | 130,077 | 7,451 | 8,000 | 145,528 | 4,047 | 8,000 | 142,124 |
| Equipment | 1,814 | 0 | 0 | 1,814 | 0 | 0 | 1,814 |
| Total Costs | \$297,655 | \$26,349 | \$8,000 | \$332,004 | \$23,887 | \$8,000 | \$329,542 |
| General Fund | 137,503 | 11,941 | 7,384 | 156,828 | 10,620 | 7,384 | 155,507 |
| State/Other Special | 160,152 | 14,408 | 616 | 175,176 | 13,267 | 616 | 174,035 |
| Total Funds | \$297,655 | \$26,349 | \$8,000 | \$332,004 | \$23,887 | \$8,000 | \$329,542 |

ADMINISTRATION

01 Administration

Program Description - The staff of the Administration Program provides administration, research, clerical functions, and management of business affairs for all programs under the purview of the Board of Public Education. The Board of Public Education is created by Article X, Section 9 of the Montana Constitution and charged with exercising general supervision of the public school system.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 2.00 | 0.00 | 0.00 | 2.00 | 0.00 | 0.00 | 2.00 |
| Personal Services | 103,090 | 6,135 | 0 | 109,225 | 6,527 | 0 | 109,617 |
| Operating Expenses | 45,838 | 5,806 | 8,000 | 59,644 | 4,093 | 8,000 | 57,931 |
| Total Costs | \$148,928 | \$11,941 | \$8,000 | \$168,869 | \$10,620 | \$8,000 | \$167,548 |
| General Fund | 137,503 | 11,941 | 7,384 | 156,828 | 10,620 | 7,384 | 155,507 |
| State/Other Special | 11,425 | 0 | 616 | 12,041 | 0 | 616 | 12,041 |
| Total Funds | \$148,928 | \$11,941 | \$8,000 | \$168,869 | \$10,620 | \$8,000 | \$167,548 |

New Proposals -

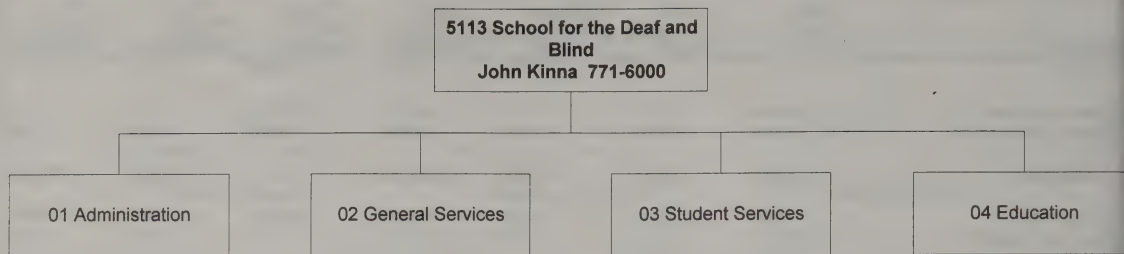
- Support the adoption and implementation of standards

ADVISORY COUNCIL

03 Advisory Council

Program Description - The seven-member Certification Standards and Practices Advisory Council was created by the legislature in 1987 to study and make recommendations to the Board of Public Education in the following areas: 1) teacher, administrator, and specialist certification standards; 2) the status and efficacy of approved teacher education programs; and 3) the feasibility of establishing teaching certification and the appeals process. The board staff provides administrative, research, and clerical duties to the council. The advisory council is created in 2-15-1522, MCA, with duties described in 20-4-133, MCA. These duties include making recommendations to the Board of Public Education regarding precertification training, education requirements, and renewal certification requirements for teachers, administrators, and specialists. The council is required to submit annually its recommendations to the Board of Public Education.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 2.00 | 0.00 | 0.00 | 2.00 | 0.00 | 0.00 | 2.00 |
| Personal Services | 62,674 | 12,763 | 0 | 75,437 | 13,313 | 0 | 75,987 |
| Operating Expenses | 84,239 | 1,645 | 0 | 85,884 | (46) | 0 | 84,193 |
| Equipment | 1,814 | 0 | 0 | 1,814 | 0 | 0 | 1,814 |
| Total Costs | \$148,727 | \$14,408 | \$0 | \$163,135 | \$13,267 | \$0 | \$161,994 |
| State/Other Special | 148,727 | 14,408 | 0 | 163,135 | 13,267 | 0 | 161,994 |
| Total Funds | \$148,727 | \$14,408 | \$0 | \$163,135 | \$13,267 | \$0 | \$161,994 |



Mission Statement - To provide to deaf children and blind children in the State of Montana a quality comprehensive education that will provide the opportunities to enable them to achieve their greatest potential of independence and success; and to serve as a resource center providing information, consultation, technical assistance, and leadership to (1) parents of deaf and/or blind children not yet enrolled in an educational program, (2) to public schools in the state having deaf and/or blind children enrolled, and (3) to organizations and individuals concerned with the provision of services to these children.

Statutory Authority - Title 20, Chapter 8, part 1, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 81.68 | 0.00 | 0.00 | 81.68 | 0.00 | 0.00 | 81.68 |
| Personal Services | 3,028,662 | 115,323 | 34,710 | 3,178,695 | 120,567 | 34,710 | 3,183,939 |
| Operating Expenses | 446,424 | 47,453 | 60,000 | 553,877 | 17,785 | 60,000 | 524,209 |
| Equipment | 28,802 | 0 | 0 | 28,802 | 0 | 0 | 28,802 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$3,503,888 | \$162,776 | \$94,710 | \$3,761,374 | \$138,352 | \$94,710 | \$3,736,950 |
| General Fund | 3,194,426 | 148,275 | 94,710 | 3,437,411 | 123,851 | 94,710 | 3,412,987 |
| State/Other Special | 228,068 | 6,997 | 0 | 235,065 | 6,997 | 0 | 235,065 |
| Federal Special | 81,394 | 7,504 | 0 | 88,898 | 7,504 | 0 | 88,898 |
| Total Funds | \$3,503,888 | \$162,776 | \$94,710 | \$3,761,374 | \$138,352 | \$94,710 | \$3,736,950 |

01 Administration

Program Description - The Administration Program staff provide purchasing, accounting, personnel functions, and management of business affairs for the school.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 5.00 | 0.00 | 0.00 | 5.00 | 0.00 | 0.00 | 5.00 |
| Personal Services | 221,983 | 5,447 | 0 | 227,430 | 6,270 | 0 | 228,253 |
| Operating Expenses | 65,981 | 39,682 | 0 | 105,663 | 9,064 | 0 | 75,045 |
| Total Costs | \$287,964 | \$45,129 | \$0 | \$333,093 | \$15,334 | \$0 | \$303,298 |
| General Fund | 287,964 | 45,129 | 0 | 333,093 | 15,334 | 0 | 303,298 |
| Total Funds | \$287,964 | \$45,129 | \$0 | \$333,093 | \$15,334 | \$0 | \$303,298 |

GENERAL SERVICES PROGRAM

02 General Services

Program Description - The General Services Program staff are responsible for general upkeep and maintenance of the school's eight buildings and 12-acre campus.

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 4.00 | 0.00 | 0.00 | 4.00 | 0.00 | 0.00 | 4.00 |
| Personal Services | 111,819 | 1,919 | 0 | 113,738 | 2,811 | 0 | 114,630 |
| Operating Expenses | 194,900 | 7,035 | 0 | 201,935 | 7,569 | 0 | 202,469 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$306,719 | \$8,954 | \$0 | \$315,673 | \$10,380 | \$0 | \$317,099 |
| General Fund | 306,719 | 8,954 | 0 | 315,673 | 10,380 | 0 | 317,099 |
| Total Funds | \$306,719 | \$8,954 | \$0 | \$315,673 | \$10,380 | \$0 | \$317,099 |

SCHOOL FOR THE DEAF & BLIND STUDENT SERVICES PROGRAM

5113
03

03 Student Services

Program Description - The Student Services Program provides residential care for children living at the school.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 29.74 | 0.00 | 0.00 | 29.74 | 0.00 | 0.00 | 29.74 |
| Personal Services | 785,044 | 18,176 | 0 | 803,220 | 21,248 | 0 | 806,292 |
| Operating Expenses | 104,068 | 748 | 0 | 104,816 | 1,164 | 0 | 105,232 |
| Equipment | 28,802 | 0 | 0 | 28,802 | 0 | 0 | 28,802 |
| Capital Outlay | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Costs | \$917,914 | \$18,924 | \$0 | \$936,838 | \$22,412 | \$0 | \$940,326 |
| General Fund | 893,270 | 18,568 | 0 | 911,838 | 22,056 | 0 | 915,326 |
| Federal Special | 24,644 | 356 | 0 | 25,000 | 356 | 0 | 25,000 |
| Total Funds | \$917,914 | \$18,924 | \$0 | \$936,838 | \$22,412 | \$0 | \$940,326 |

EDUCATION PROGRAM

04 Education

Program Description - The Education Program provides an education for children with hearing and/or sight loss that prevents them from receiving a quality education in their local schools. The Education Program serves visually and hearing impaired children who remain in their local school districts by providing deaf/blind educational support services to the students' local schools. The program also offers "mainstream" programs for on-campus students in a joint effort with the Great Falls public school system.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 42.94 | 0.00 | 0.00 | 42.94 | 0.00 | 0.00 | 42.94 |
| Personal Services | 1,909,816 | 89,781 | 34,710 | 2,034,307 | 90,238 | 34,710 | 2,034,764 |
| Operating Expenses | 81,475 | (12) | 60,000 | 141,463 | (12) | 60,000 | 141,463 |
| Total Costs | \$1,991,291 | \$89,769 | \$94,710 | \$2,175,770 | \$90,226 | \$94,710 | \$2,176,227 |
| General Fund | 1,706,473 | 75,624 | 94,710 | 1,876,807 | 76,081 | 94,710 | 1,877,264 |
| State/Other Special | 228,068 | 6,997 | 0 | 235,065 | 6,997 | 0 | 235,065 |
| Federal Special | 56,750 | 7,148 | 0 | 63,898 | 7,148 | 0 | 63,898 |
| Total Funds | \$1,991,291 | \$89,769 | \$94,710 | \$2,175,770 | \$90,226 | \$94,710 | \$2,176,227 |

New Proposals -

- Increase salaries for interpreters to recruit and retain a qualified staff
- Replace computers in the classroom that were traditionally financed by the MSDB foundation and other sources

**5114 Montana Arts Council
Arlynn Fishbaugh x6430**

01 Promotion of the Arts

Mission Statement - To encourage the study and presentation of the arts in Montana and to stimulate public interest and participation.

Statutory Authority - 22-2-101-109, MCA.

Program Description - The Montana Arts Council (council) cooperates with public and private institutions engaged in artistic and cultural activities. The council cooperates with public and private institutions engaged in artistic and cultural activities. The council: 1) recommends appropriate methods to encourage participation in and appreciation of the arts; 2) fosters interest in the state's cultural heritage; 3) expands the state's cultural resources; and 4) encourages and assists freedom of artistic expression through ongoing programs and council initiated projects. The council administers the Cultural and Aesthetic Projects Advisory Committee authorized in 22-2-302, MCA. This committee reviews all proposals for cultural and aesthetic project grants and presents its recommendations to the legislature.

Program Indicators -

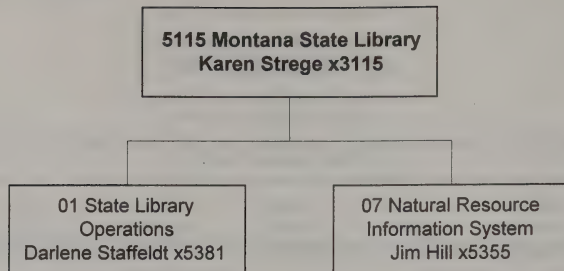
| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|--|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Stable grant funding to organizations | \$320,500 | \$465,000 | \$405,000 | \$420,000 | \$396,903 | \$402,981 |
| State of the Arts newsletter subscribers/users | 5,500 | 5,500 | 6,500 | 7,000 | 7,500 | 7,500 |
| Arts Education residencies/services—students/community reached | 20,000 students | 20,000 students | 30,000 students | 30,000 students | 30,000 students | 30,000 students |

Language Recommendations- The following HB 2 language is recommended:
"All federal funds in item 1 are biennial appropriations."

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 7.00 | 0.00 | 0.00 | 7.00 | 0.00 | 0.00 | 7.00 |
| Personal Services | 275,647 | 46,719 | 0 | 322,366 | 49,775 | 0 | 325,422 |
| Operating Expenses | 204,511 | 12,735 | 37,000 | 254,246 | (14,250) | 37,000 | 227,261 |
| Equipment | 0 | 16,500 | 0 | 16,500 | 0 | 0 | 0 |
| Grants | 333,098 | 63,805 | 0 | 396,903 | 69,883 | 0 | 402,981 |
| Total Costs | \$813,256 | \$139,759 | \$37,000 | \$990,015 | \$105,408 | \$37,000 | \$955,664 |
| General Fund | 280,604 | 54,082 | 37,000 | 371,686 | 23,144 | 37,000 | 340,748 |
| State/Other Special | 132,440 | 8,389 | 0 | 140,829 | 4,976 | 0 | 137,416 |
| Federal Special | 400,212 | 77,288 | 0 | 477,500 | 77,288 | 0 | 477,500 |
| Total Funds | \$813,256 | \$139,759 | \$37,000 | \$990,015 | \$105,408 | \$37,000 | \$955,664 |

New Proposals -

- Support improving Montana's economy through business technical assistance



Mission Statement - The Montana State Library is committed to providing quality information services to state employees, fostering excellent public libraries and cooperative library services among all types of libraries, collecting and distributing comprehensive and accurate natural resource information, and helping citizens unable to read printed text find suitable materials.

Statutory Authority - Title 22, Chapter 1 and Title 90, Chapter 15, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 29.90 | 0.00 | 0.60 | 30.50 | 0.00 | 0.60 | 30.50 |
| Personal Services | 1,162,510 | (6,398) | 31,923 | 1,188,035 | 417 | 31,923 | 1,194,850 |
| Operating Expenses | 1,007,212 | 88,459 | 235,000 | 1,330,671 | 59,455 | 235,000 | 1,301,667 |
| Equipment | 128,681 | 28,842 | 0 | 157,523 | 28,842 | 0 | 157,523 |
| Grants | 630,090 | 932,584 | 200,000 | 1,762,674 | 233,449 | 200,000 | 1,063,539 |
| Transfers | 0 | 500,000 | 0 | 500,000 | 0 | 0 | 0 |
| Debt Service | 29,128 | (29,128) | 0 | 0 | (29,128) | 0 | 0 |
| Total Costs | \$2,957,621 | \$1,514,359 | \$466,923 | \$4,938,903 | \$293,035 | \$466,923 | \$3,717,579 |
| General Fund | 1,597,833 | 342,180 | 346,115 | 2,286,128 | 70,798 | 346,115 | 2,014,746 |
| State/Other Special | 667,481 | 158,792 | 120,808 | 947,081 | 133,850 | 120,808 | 922,139 |
| Federal Special | 692,307 | 1,013,387 | 0 | 1,705,694 | 88,387 | 0 | 780,694 |
| Total Funds | \$2,957,621 | \$1,514,359 | \$466,923 | \$4,938,903 | \$293,035 | \$466,923 | \$3,717,579 |

STATE LIBRARY OPERATIONS

01 State Library Operations
Darlene Staffeldt x5381

Program Description - The State Library Operations Program provides 1) information services to state government; 2) referral and back-up services to all libraries in the state; 3) direct library service to all blind and physically handicapped Montana residents; 4) staff consultation and services to individual libraries; and 5) direction to the six library federations. This program administers the state documents depository system, functions as a partial depository for federal government publications, and coordinates the development of library collections throughout the state. The program also manages the budgetary, personnel, and coordination functions of the State Library.

LIBRARY COMMISSION STATE LIBRARY OPERATIONS

5115
01

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|----------------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Consulting contacts* | 6,100 | 7,198 | 8,638 | 9,502 | 10,262 | 11,083 |
| Talking book circulation | 148,500 | 139,232 | 138,629 | 144,100 | 149,865 | 155,900 |
| Information Services Provided | | | 12,453 | 15,550 | 17,875 | 19,650 |
| State Publications Center | | | 1,220 | 1,460 | 1,680 | 1,850 |

***Consulting Contacts** defined as providing information and advice to librarians (mainly the 79 public library directors and staff, but occasionally academic, special or school librarians), trustees (five for each of the 79 public libraries), administrators, and users of Montana libraries on all aspects of providing library services to Montanans. This consulting is provided on an variety of topics including, but not limited to, donations, censorship, e-rate application forms, library certification, technology plans, use of OCLC/WLN, use of MLN gateway, long range planning, statewide periodical database usage, collection development guidelines, internet connectivity, budgeting, acceptable use policies, trustee training, children's services, availability of grant funds, library personnel issues.

***Talking book circulation** defined as providing materials for the blind or physically handicapped from the Montana Talking Book Library. The active patron population remains fairly consistent at approximately 2,600 patrons. At this time this number includes only the physical talking books provided, not the web services provided.

***Library and Information Services** targets its resources and services to state government employees and Montana librarians in addition to providing the general public with access to State of Montana publications. Our mission is to bring current knowledge to bear on the issues facing the state by locating and providing books, journal articles, technical reports, and government documents. We also research answers to questions and perform searches of the professional literature on requested topics pertinent to state professional staff, researchers and decision-makers.

***The State Publications Center** within LISD provides permanent public access to State of Montana publications by maintaining a comprehensive documents collection and managing a depository library program. This program supports the basic right of citizens to know about the activities of state government and to benefit from the information developed at public expense, and supports the needs of agencies and citizens alike to easily access this information.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 24.50 | 0.00 | 0.00 | 24.50 | 0.00 | 0.00 | 24.50 |
| Personal Services | 914,828 | (23,808) | 0 | 891,020 | (18,439) | 0 | 896,389 |
| Operating Expenses | 698,505 | (39,237) | 235,000 | 894,268 | (71,059) | 235,000 | 862,446 |
| Equipment | 119,840 | 8,842 | 0 | 128,682 | 8,842 | 0 | 128,682 |
| Grants | 630,090 | 932,584 | 200,000 | 1,762,674 | 233,449 | 200,000 | 1,063,539 |
| Debt Service | 14,564 | (14,564) | 0 | 0 | (14,564) | 0 | 0 |
| Total Costs | \$2,377,827 | \$863,817 | \$435,000 | \$3,676,644 | \$138,229 | \$435,000 | \$2,951,056 |
| General Fund | 1,540,599 | 322,641 | 317,500 | 2,180,740 | 47,053 | 317,500 | 1,905,152 |
| State/Other Special | 174,921 | 2,789 | 117,500 | 295,210 | 2,789 | 117,500 | 295,210 |
| Federal Special | 662,307 | 538,387 | 0 | 1,200,694 | 88,387 | 0 | 750,694 |
| Total Funds | \$2,377,827 | \$863,817 | \$435,000 | \$3,676,644 | \$138,229 | \$435,000 | \$2,951,056 |

Significant Present Law Adjustments -

- Continue the Library Services Technology Act grants and the state aid biennial appropriation

New Proposals -

- Establish a one-time-only appropriation for the statewide periodical electronic database
- Add state aid grants to help communities support basic library service

Language Recommendations - The following HB 2 language is recommended:

"Item 1 includes a biennial appropriation of \$251,138 general fund and \$889,102 federal special revenue for grants to local libraries."

07 Natural Resource
Information System
Jim Hill x5355

Program Description - The Natural Resources Information Services Program (NRIS) manages the natural resources data for the state. It provides a standard system for the acquisition, storage, retrieval, and management of this data, and coordinates and consults with other state agencies on the geographic information system and the river study. The program also administers the Montana Natural Heritage Program, a database on rare or exemplary plants, animals, communities, and geological features.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Clearinghouse activities- Mediated requests* | 1,710 | 1,881 | 1,867 | 1,900 | 1,900 | 1,900 |
| Clearinghouse activities - Web MB Downloaded | 128,727 | 275,395 | 410,926 | 550,000 | 700,000 | 850,000 |

Mediated Requests include only those services or product requests for which a formal response is prepared by NRIS staff or that require significant staff resources in order to respond.

Web MB Downloaded is a measure of non-mediated response to the NRIS service and product needs of state and federal agencies, businesses and the public. The measure includes all information provided by NRIS via the Internet (measured in Megabytes), and is heavily weighted towards map products provided through this means.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 5.40 | 0.00 | 0.60 | 6.00 | 0.00 | 0.60 | 6.00 |
| Personal Services | 247,682 | 17,410 | 31,923 | 297,015 | 18,856 | 31,923 | 298,461 |
| Operating Expenses | 308,707 | 127,696 | 0 | 436,403 | 130,514 | 0 | 439,221 |
| Equipment | 8,841 | 20,000 | 0 | 28,841 | 20,000 | 0 | 28,841 |
| Transfers | 0 | 500,000 | 0 | 500,000 | 0 | 0 | 0 |
| Debt Service | 14,564 | (14,564) | 0 | 0 | (14,564) | 0 | 0 |
| Total Costs | \$579,794 | \$650,542 | \$31,923 | \$1,262,259 | \$154,806 | \$31,923 | \$766,523 |
| General Fund | 57,234 | 19,539 | 28,615 | 105,388 | 23,745 | 28,615 | 109,594 |
| State/Other Special | 492,560 | 156,003 | 3,308 | 651,871 | 131,061 | 3,308 | 626,929 |
| Federal Special | 30,000 | 475,000 | 0 | 505,000 | 0 | 0 | 30,000 |
| Total Funds | \$579,794 | \$650,542 | \$31,923 | \$1,262,259 | \$154,806 | \$31,923 | \$766,523 |

Significant Present Law Adjustments -

- Continue the level of services provided by the NRIS program and adjust for the Natural Heritage Program contract increase

New Proposals -

- Provide stable funding in the NRIS core program and add 0.60 FTE

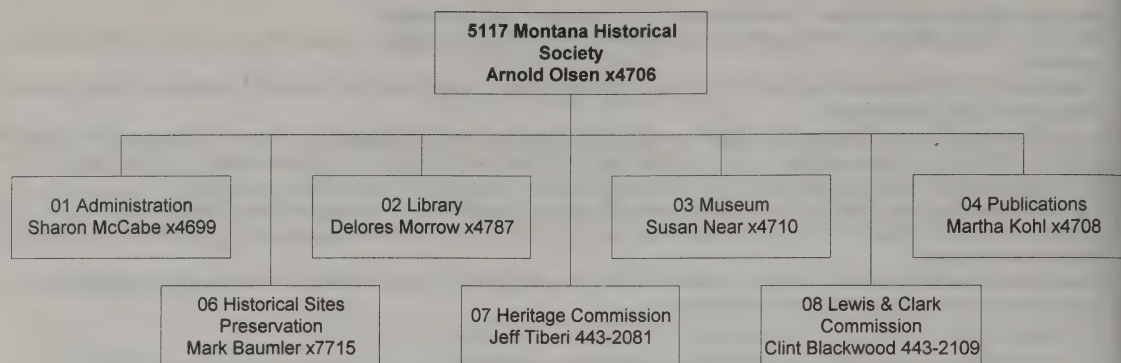
Language Recommendations - The following HB 2 language is recommended:

'Item 2a includes \$500,000 for legislative contract authority as a biennial appropriation, subject to the following provisions:

- 1) legislative contract authority applies only to state special revenue funds received from the Montana university system, federal funds, and private funds.
- 2) legislative contract authority expenditures must be reported on the state accounting system. The records must be separate from present law operations. In preparing the 2005 biennium budget for legislative consideration, the office of budget and program planning may not include the expenditures from this item in the present law base.
- 3) a report must be submitted by the Montana state library commission to the legislative fiscal division following the end of each fiscal year of the biennium. The report must include a list of projects with the related amount of expenditures and FTE for each project.
- 4) legislative contract authority may be transferred between state special and federal special revenue depending upon the contract received by the Montana state library."

Table E-2
Natural Resource Information System Program
2003 Biennium Funding

| | General Fund | State Special | Federal/ Other | Total Funding |
|---|------------------|--------------------|-------------------|--------------------|
| State Agencies in HB 2 | | | | |
| DEQ | 40,150 | 58,694 | 65,676 | 164,520 |
| DNRC | 98,310 | | | 98,310 |
| FWP | | 138,780 | | 138,780 |
| MDT | | 63,690 | | 63,690 |
| MSL General Fund | 214,982 | | | 214,982 |
| MSL Renewable Resources (RIT) | | 396,105 | | 396,105 |
| MSL Reclamation and Development (RIT) | | 350,555 | | 350,555 |
| MUS Current Funds (Universities) | 44,252 | | 44,253 | 88,505 |
| Non-Budgeted Funding | | | | |
| NRIS Non-budgeted DEQ | 0 | 0 | 13,335 | 13,335 |
| Subtotal Core By Fund | \$397,694 | \$1,007,824 | \$ 123,264 | \$1,528,782 |
| Legislative Contract Authority (LCA) | | | | |
| MSL Private | | 25,000 | | 25,000 |
| MSL Federal | 0 | 0 | 475,000 | 475,000 |
| Subtotal LCA | \$ 0 | \$ 25,000 | \$ 475,000 | \$500,000 |
| Total Funding | \$353,442 | \$1,032,824 | \$ 642,516 | \$2,028,782 |



Mission Statement - To acquire, conserve, and advocate the protection of, provide broad access to, and interpret Montana's varied historical resources, thus promoting--for its citizens and for all others--the use, understanding, appreciation, and enjoyment of those resources.

Statutory Authority - Title 22, Chapter 3, MCA.

| Agency Proposed Budget | | | | | | | |
|------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 53.63 | 1.00 | 4.50 | 59.13 | 1.00 | 4.50 | 59.13 |
| Personal Services | 1,902,403 | 242,336 | 191,921 | 2,336,660 | 252,589 | 192,548 | 2,347,540 |
| Operating Expenses | 996,842 | 318,824 | 211,490 | 1,527,156 | 300,607 | 200,273 | 1,497,722 |
| Equipment | 10,077 | 0 | 0 | 10,077 | 0 | 0 | 10,077 |
| Grants | 72,670 | 240,000 | 100,000 | 412,670 | 240,000 | 100,000 | 412,670 |
| Transfers | 53,652 | 0 | 0 | 53,652 | 0 | 0 | 53,652 |
| Total Costs | \$3,035,644 | \$801,160 | \$503,411 | \$4,340,215 | \$793,196 | \$492,821 | \$4,321,661 |
| General Fund | 1,650,520 | 316,088 | 433,411 | 2,400,019 | 302,793 | 422,821 | 2,376,134 |
| State/Other Special | 192,586 | 40,462 | 0 | 233,048 | 41,014 | 0 | 233,600 |
| Federal Special | 461,688 | 409,095 | 0 | 870,783 | 412,328 | 0 | 874,016 |
| Proprietary | 730,850 | 35,515 | 70,000 | 836,365 | 37,061 | 70,000 | 837,911 |
| Total Funds | \$3,035,644 | \$801,160 | \$503,411 | \$4,340,215 | \$793,196 | \$492,821 | \$4,321,661 |

01 Administration
Sharon McCabe x4699

Program Description - The Administration Program provides supervision, administration, and coordination of the five programs in the Montana Historical Society. Program staff are responsible for the management, planning, direction, and leadership of the society. Activities include public information, payroll/personnel, fund raising, financial reporting, business management, security, building management, community outreach, historic research, and historic interpretation.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|-------------------------|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Visitors to the Society | 87,521 | 101,136 | 75,856 | 100,000 | 80,000 | 80,000 |
| Special Members | 1,277 | 1,260 | 1,234 | 1,300 | 1,360 | 1,420 |

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 13.00 | 0.00 | 3.00 | 16.00 | 0.00 | 3.00 | 16.00 |
| Personal Services | 498,696 | 73,940 | 131,381 | 704,017 | 76,451 | 131,817 | 706,964 |
| Operating Expenses | 377,198 | 122,471 | 178,625 | 678,294 | 98,268 | 173,408 | 648,874 |
| Total Costs | \$875,894 | \$196,411 | \$310,006 | \$1,382,311 | \$174,719 | \$305,225 | \$1,355,838 |
| General Fund | 737,206 | 175,489 | 240,006 | 1,152,701 | 152,975 | 235,225 | 1,125,406 |
| State/Other Special | 81,510 | 20,513 | 0 | 102,023 | 20,513 | 0 | 102,023 |
| Federal Special | 57,178 | 409 | 0 | 57,587 | 1,231 | 0 | 58,409 |
| Proprietary | 0 | 0 | 70,000 | 70,000 | 0 | 70,000 | 70,000 |
| Total Funds | \$875,894 | \$196,411 | \$310,006 | \$1,382,311 | \$174,719 | \$305,225 | \$1,355,838 |

Significant Present Law Adjustments -

- Respond to the Lewis and Clark Bicentennial assistance and interpretations requests

New Proposals -

- Add 0.50 FTE personnel officer and related funding
- Support one-time-only 1.50 FTE and costs to prepare for the upcoming Lewis and Clark Bicentennial
- Add 1.00 FTE and funding for an information system support specialist
- Support electronic format information on archival holdings, books, historic photographs, museums objects, art, and historic site records
- Provide proprietary overhead for administrative and professional assistance to the Heritage Commission and the Lewis and Clark Commission

**02 Library
Delores Morrow x4787**

Program Description - The Library Program consists of the library, archives, and photo archives functions. This program acquires, organizes, preserves, and makes accessible to the public published materials, historic records and manuscripts, photographs and related media, and oral history illustrative of the history of Montana, the surrounding region, and the Trans-Mississippi West. This program houses the official Archives of State Government and the Legislature. It also assists researchers seeking historical information.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Number of published items and photographs acquired | 9,500 | 9,420 | 9,500 | 9,700 | 9,700 | 9,700 |
| Linear feet of manuscripts and state records acquired | 600 | 325 | 518 | 1500 | 900 | 600 |
| Reference service | 17,380 | 17,420 | 17,600 | 18,000 | 18,200 | 18,400 |

| Program Proposed Budget | | | | | | | |
|--------------------------------|--|---|--|---|---|--|---|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 13.75 | 0.00 | 0.00 | 13.75 | 0.00 | 0.00 | 13.75 |
| Personal Services | 492,839 | 31,943 | 0 | 524,782 | 34,935 | 0 | 527,774 |
| Operating Expenses | 112,770 | 10,589 | 0 | 123,359 | 10,673 | 0 | 123,443 |
| Equipment | 10,077 | 0 | 0 | 10,077 | 0 | 0 | 10,077 |
| Total Costs | \$615,686 | \$42,532 | \$0 | \$658,218 | \$45,608 | \$0 | \$661,294 |
| General Fund | 556,884 | 38,799 | 0 | 595,683 | 41,803 | 0 | 598,687 |
| State/Other Special | 2,808 | 0 | 0 | 2,808 | 0 | 0 | 2,808 |
| Proprietary | 55,994 | 3,733 | 0 | 59,727 | 3,805 | 0 | 59,799 |
| Total Funds | \$615,686 | \$42,532 | \$0 | \$658,218 | \$45,608 | \$0 | \$661,294 |

**03 Museum
Sue Near x4710**

Program Description - The Museum Program collects, preserves, and interprets the history of Montana through its material culture. The museum collects fine arts and historical, archaeological, and ethnological artifacts from Montana and the general geographic region. The program interprets its collections through exhibits, educational activities, tours and traveling exhibits.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Number of exhibits* | 26 | 29 | 33 | 34 | 35 | 36 |
| Number of participants in Educational programs** | 42,396 | 49,876 | 50,540 | 52,000 | 40,000 | 52,000 |

* The number of permanent, rotating, offsite, and traveling exhibits owned by the society.

** This consists of school tours, capital tours, Original Governor's Mansion tours, lectures, seminars, and workshops

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 9.00 | 0.00 | 1.00 | 10.00 | 0.00 | 1.00 | 10.00 |
| Personal Services | 307,818 | 22,737 | 38,921 | 369,476 | 24,470 | 39,043 | 371,331 |
| Operating Expenses | 88,597 | 98,499 | 9,865 | 196,961 | 103,532 | 6,865 | 198,994 |
| Total Costs | \$396,415 | \$121,236 | \$48,786 | \$566,437 | \$128,002 | \$45,908 | \$570,325 |
| General Fund | 280,204 | 101,612 | 48,786 | 430,602 | 107,826 | 45,908 | 433,938 |
| State/Other Special | 108,268 | 19,949 | 0 | 128,217 | 20,501 | 0 | 128,769 |
| Proprietary | 7,943 | (325) | 0 | 7,618 | (325) | 0 | 7,618 |
| Total Funds | \$396,415 | \$121,236 | \$48,786 | \$566,437 | \$128,002 | \$45,908 | \$570,325 |

Significant Present Law Adjustments -

- Continue \$196,000 general fund for the biennium for storage of the Robert M. Sriver collection of art

New Proposals -

- Establish 0.50 FTE and funding to curate the Robert M. Sriver collection
- Provide 0.50 FTE for a coordinator to manage volunteers

04 Publications
Martha Kohl x4708

Program Description - The Publications Program promotes the study of Montana history and education through lectures, publications, and curriculum materials. The program publishes quarterly editions of the award winning Montana, the Magazine of Western History and the Montana Post, the official newsletter of the society. It also publishes books under the Montana Historical Society Press imprint and operates the retail and mail order museum store.

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Subscribers to magazine | 7,341 | 6,513 | 6,090 | 6,236 | 6,400 | 6,500 |
| Number of books published by the Society Press | 5 | 5 | 6 | 5 | 5 | 5 |

Program Proposed Budget

| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
|--------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| FTE | 10.38 | 0.00 | 0.00 | 10.38 | 0.00 | 0.00 | 10.38 |
| Personal Services | 319,826 | 38,663 | 0 | 358,489 | 39,893 | 0 | 359,719 |
| Operating Expenses | 347,087 | (6,556) | 20,000 | 360,531 | (6,312) | 20,000 | 360,775 |
| Transfers | 53,652 | 0 | 0 | 53,652 | 0 | 0 | 53,652 |
| Total Costs | \$720,565 | \$32,107 | \$20,000 | \$772,672 | \$33,581 | \$20,000 | \$774,146 |
| General Fund | 53,652 | 0 | 20,000 | 73,652 | 0 | 20,000 | 73,652 |
| Proprietary | 666,913 | 32,107 | 0 | 699,020 | 33,581 | 0 | 700,494 |
| Total Funds | \$720,565 | \$32,107 | \$20,000 | \$772,672 | \$33,581 | \$20,000 | \$774,146 |

New Proposals -

- Fund the newsletter and mailing list management in one program

**06 Historic Sites Preservation
Mark Baumler x7715**

Program Description - The Historic Sites Preservation Program administers Montana Antiquities Act and Montana's participation in the federal Historic Preservation Act and the federal grants-in-aid for historic preservation. Staff provide technical assistance to all Montana property owners. Staff review all proposed federally funded or permitted projects within the state to determine their effect on properties listed or eligible for listing on the National Register of Historic Places. The office certifies historic structures and rehabilitation projects for federal tax credits to citizens and businesses authorized by the Tax Reform Act of 1976. The program awards federal grants to local governments, communities, and individuals in two primary areas: 1) the Certified Local Government Program, and 2) historic survey and planning for historic areas.

Program Indicators –

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|--------------------------|--------------------------|--------------------------|-----------------------------|-----------------------------|-----------------------------|
| Construction projects created with SHPO assistance | 1,498 | 1,242 | 1,202 | 1,250 | 1,300 | 1,300 |
| Newly listed properties on the National Register of Historic Places | 17 | 21 | 11 | 20 | 20 | 20 |

| Program Proposed Budget | | | | | | | |
|--------------------------------|--|---|--|---|---|--|---|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 7.50 | 1.00 | 0.50 | 9.00 | 1.00 | 0.50 | 9.00 |
| Personal Services | 283,224 | 75,053 | 21,619 | 379,896 | 76,840 | 21,688 | 381,752 |
| Operating Expenses | 71,190 | 93,821 | 3,000 | 168,011 | 94,446 | 0 | 165,636 |
| Grants | 72,670 | 240,000 | 0 | 312,670 | 240,000 | 0 | 312,670 |
| Total Costs | \$427,084 | \$408,874 | \$24,619 | \$860,577 | \$411,286 | \$21,688 | \$860,058 |
| General Fund | 22,574 | 188 | 24,619 | 47,381 | 189 | 21,688 | 44,451 |
| Federal Special | 404,510 | 408,686 | 0 | 813,196 | 411,097 | 0 | 815,607 |
| Total Funds | \$427,084 | \$408,874 | \$24,619 | \$860,577 | \$411,286 | \$21,688 | \$860,058 |

Significant Present Law –

- Adjust funding for increased U.S. Department of Interior grants and add 1.00 FTE for rural efforts

New Proposals -

- Add 0.50 FTE grants administrator to ensure receipt of federal preservation funding

**07 Heritage Commission
Jeff Tiberi 443-2081**

Program Description - The Montana Heritage Preservation and Development Commission is an 11 member board appointed by the Governor and the Legislature that manages the Virginia City and Nevada City properties held by the Montana Historical Society in trust for the state. Working in concert with the Montana Historical Society, commission staff supervise maintenance, preservation, and curation of historic buildings and artifacts, administer commercial operations and concessions within the state-held properties, and create and manage needed visitor services. The commission is administratively attached to the society and its budget has been a statutory appropriation, which sunsets June 30, 2001. Hence, there is no budget table shown.

LEWIS & CLARK BICENTENNIAL

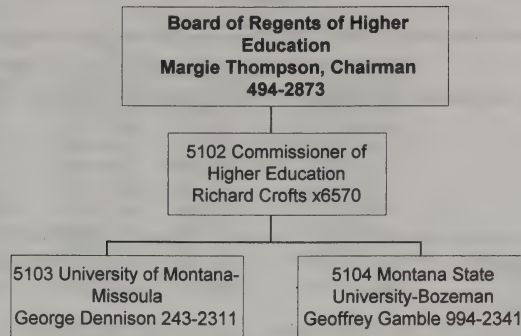
**08 Lewis & Clark Commission
Clint Blackwood 443-2109**

Its main mission is to provide statewide leadership, communication, and coordination in planning and implementing the Lewis and Clark Bicentennial observance in Montana, which will be held from 2003-2006. The commission has 12 Governor-appointed commissioners serving three-year staggered terms. The commission is funded with a grant from the Department of Commerce accommodations tax and private funds, neither of which are appropriated to the society in HB 2. Hence, there is no base budget in the table below.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Grants | 0 | 0 | 100,000 | 100,000 | 0 | 100,000 | 100,000 |
| Total Costs | \$0 | \$0 | \$100,000 | \$100,000 | \$0 | \$100,000 | \$100,000 |
| General Fund | 0 | 0 | 100,000 | 100,000 | 0 | 100,000 | 100,000 |
| Total Funds | \$0 | \$0 | \$100,000 | \$100,000 | \$0 | \$100,000 | \$100,000 |

New Proposals -

- Provide match for federal and foundation grants



Mission Statement -The purpose of the Montana University System (MUS) is to deliver high quality post-secondary educational opportunities to the citizens of Montana while balancing access, cost and accountability.

Statutory Authority - Article X, Sect 9, Montana Constitution; 2-15-1506, MCA

Executive Budget Recommendation –

- Add \$7.5 million over the biennium to fund library and student services, information technology investment, physical plant maintenance and capital equipment
- Add \$1 million per year for this biennium for student assistance programs
- Provide \$0.8 million in this biennium for the development of new programs at two-year colleges to enhance their potential for economic development
- Support non-beneficiary students attending tribal colleges by providing \$0.83 million in assistance to these schools

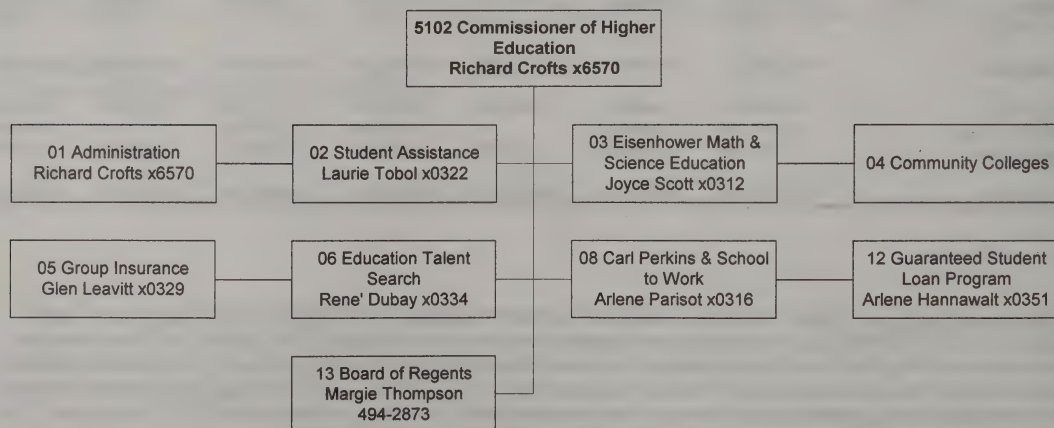
| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 73.55 | 0.00 | 13.25 | 86.80 | 0.00 | 13.50 | 87.05 |
| Personal Services | 2,914,768 | 126,793 | 476,694 | 3,518,255 | 145,546 | 489,940 | 3,550,254 |
| Operating Expenses | 3,784,903 | 161,240 | 4,767,341 | 8,713,484 | 137,462 | 5,049,540 | 8,971,905 |
| Local Assistance | 5,289,315 | 387,411 | 0 | 5,676,726 | 414,222 | 0 | 5,703,537 |
| Grants | 9,906,881 | 683,934 | 3,635,400 | 14,226,215 | 919,256 | 3,779,800 | 14,605,937 |
| Benefits & Claims | 18,462,439 | 0 | 6,812,849 | 25,275,288 | 0 | 9,300,378 | 27,762,817 |
| Transfers | 131,911,080 | 4,359,815 | 3,731,676 | 140,002,571 | 3,232,538 | 5,638,926 | 140,782,544 |
| Debt Service | 3,748 | 0 | 0 | 3,748 | 0 | 0 | 3,748 |
| Total Costs | \$172,273,134 | \$5,719,193 | \$19,423,960 | \$197,416,287 | \$4,849,024 | \$24,258,584 | \$201,380,742 |
| General Fund | 124,494,535 | 8,940,017 | 5,303,405 | 138,737,957 | 9,527,888 | 7,312,555 | 141,334,978 |
| State/Other Special | 15,567,144 | (2,746,000) | 0 | 12,821,144 | (2,578,000) | 0 | 12,989,144 |
| Federal Special | 32,211,455 | (474,824) | 14,120,555 | 45,857,186 | (2,100,864) | 16,946,029 | 47,056,620 |
| Total Funds | \$172,273,134 | \$5,719,193 | \$19,423,960 | \$197,416,287 | \$4,849,024 | \$24,258,584 | \$201,380,742 |

Explanation of the Above Table: This table reflects the financial transactions of the Office of Commissioner of Higher Education (OCHE). These funds are directly appropriated from the state to the MUS. The majority of these funds are transferred out of the OCHE into the university units, where they are combined with tuition and other general operating funds to become "current unrestricted" in higher education funds. All of the above OCHE appropriations are recorded in the state accounting system in governmental fund structure (MCA 17-2-102). All units of the MUS, except the OCHE, record all transactions in higher education fund structure, as shown in the following table.

| Table E-3 Current Unrestricted | | | | | |
|---------------------------------------|----------------------------|----------------------------|--------------------------------------|-------------------------------|--------------------------------------|
| Educational Units / Agencies | Base Budget Fiscal 2000 | Adjustments Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment 2003 | Total Exec. Budget Fiscal 2003 |
| UM - Missoula | 79,860,093 | 1,804,479 | 81,664,572 | 1,842,832 | 81,702,925 |
| UM - Tech | 14,835,101 | 472,620 | 15,307,721 | 505,762 | 15,340,863 |
| UM- Western | 6,660,693 | 283,593 | 6,944,286 | 306,921 | 6,967,614 |
| UM - Helena COT | 3,315,846 | 169,107 | 3,484,953 | 180,500 | 3,496,346 |
| MSU - Bozeman | 78,266,069 | 2,250,253 | 80,516,322 | 2,339,515 | 80,605,584 |
| MSU - Billings | 23,017,788 | 1,075,430 | 24,093,218 | 1,062,483 | 24,080,271 |
| MSU - Northern | 9,999,264 | 533,222 | 10,532,486 | 486,932 | 10,486,196 |
| MSU - Great Falls COT | 4,246,874 | 235,760 | 4,482,634 | 230,188 | 4,477,062 |
| Nonresident Student Decrease | | (3,564,505) | (3,564,505) | (5,840,787) | (5,840,787) |
| Subtotal | 220,201,728 | 3,259,959 | 223,461,687 | 1,114,346 | 221,316,074 |
| Governor's Recommendations: | | | | | |
| Distance Learning | 200,000 | - | 200,000 | - | 200,000 |
| Academic Dev.- Two Year Programs | - | 800,000 | 800,000 | - | - |
| Fee Waivers | - | 500,586 | 500,586 | 734,561 | 734,561 |
| Increase State Support | - | 2,500,000 | 2,500,000 | 5,000,000 | 5,000,000 |
| Resident Enrollment Growth | - | 767,567 | 767,567 | 1,156,135 | 1,156,135 |
| Banner Inc. Operating Costs | - | 371,080 | 371,080 | 371,080 | 371,080 |
| NRIS | - | 44,252 | 44,252 | 44,254 | 44,254 |
| Rural Residency Program | 295,600 | 45,600 | 341,200 | 45,600 | 341,200 |
| Subtotal for Educational Units | 220,697,328 | 8,289,044 | 228,986,372 | 8,465,976 | 229,163,304 |
| Agencies: | | | | | |
| Ag Experiment Station | 11,897,205 | 1,029,615 | 12,926,820 | 1,078,213 | 12,975,418 |
| Extension Services | 6,132,804 | 233,963 | 6,366,767 | 259,584 | 6,392,388 |
| Forestry and Cons. | 862,543 | 42,353 | 904,896 | 45,709 | 908,252 |
| Bureau of Mines | 2,097,452 | 79,257 | 2,176,709 | 84,071 | 2,181,523 |
| Fire Services | 346,435 | 54,621 | 401,056 | 100,834 | 447,269 |
| Grand Total | 242,033,767 | 9,728,853 | 251,762,620 | 10,034,387 | 252,068,154 |

Explanation of the Table E-3: This table reflects the total current unrestricted financial transactions of the MUS. General fund and state millage are transferred into these higher education funds through the OCHE. The appropriations of general fund and state millage shown here are duplicated above in the transfers shown in the OCHE agency table.

The current unrestricted portion of the MUS budget is the state appropriated or general operating budget of the MUS. Other funds exist on campuses for dormitories, food services, grants and contracts, and other special purpose funds and are not reflected in the executive budget.



01 Administration
Richard Crofts x6570

Program Description - The administration program includes: 1) general administration of the university system, 2) academic, financial, and legal administration, 3) labor relations and personnel administration, and 4) student assistance administration.

Statutory Authority - Article X, Section 9 of the Montana Constitution requires that the Board of Regents appoints the commissioner and prescribes his powers and duties.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 15.40 | 0.00 | 0.00 | 15.40 | 0.00 | 0.00 | 15.40 |
| Personal Services | 925,606 | 100,474 | 0 | 1,026,080 | 106,914 | 0 | 1,032,520 |
| Operating Expenses | 261,212 | 4,916 | 33,829 | 299,957 | (22,014) | 33,829 | 273,027 |
| Total Costs | \$1,186,818 | \$105,390 | \$33,829 | \$1,326,037 | \$84,900 | \$33,829 | \$1,305,547 |
| General Fund | 1,186,818 | 105,390 | 33,829 | 1,326,037 | 84,900 | 33,829 | 1,305,547 |
| Total Funds | \$1,186,818 | \$105,390 | \$33,829 | \$1,326,037 | \$84,900 | \$33,829 | \$1,305,547 |

Significant Present Law Adjustments -

- Adjust rent to reflect payments in lease agreement
- Reduce operations as personal services funds were spent in operations during FY 2000. Personal services has been fully funded in the 2003 biennium.

New Proposals -

- Account for federal indirect cost recoveries in accordance with a legislative audit recommendation.

02 Student Assistance
Laurie Tobol x0322

Program Description - This program includes all student grant funding. Types of grants include: work study, state grants, federal grant matching programs, and student grants for attending professional schools which are not available in Montana such as medicine, dentistry and veterinary medicine.

Statutory Authority - Title 20 Chapters 25 and 26, MCA

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| Operating Expenses | 0 | 0 | 2,500 | 2,500 | 0 | 5,000 | 5,000 |
| Local Assistance | 85,000 | 14,000 | 0 | 99,000 | 18,000 | 0 | 103,000 |
| Grants | 7,368,922 | 464,339 | 1,118,400 | 8,951,661 | 638,157 | 1,217,800 | 9,224,879 |
| Total Costs | \$7,453,922 | \$478,339 | \$1,120,900 | \$9,053,161 | \$656,157 | \$1,222,800 | \$9,332,879 |
| General Fund | 7,383,508 | 463,882 | 1,120,900 | 8,968,290 | 641,700 | 1,222,800 | 9,248,008 |
| Federal Special | 70,414 | 14,457 | 0 | 84,871 | 14,457 | 0 | 84,871 |
| Total Funds | \$7,453,922 | \$478,339 | \$1,120,900 | \$9,053,161 | \$656,157 | \$1,222,800 | \$9,332,879 |

Significant Present Law Adjustments -

- Cost increases related to interstate assistance (WICHE/WAMI/Minnesota Dentistry) programs in professional schools
- Increase financial aid for the Work Study, SEOG and SSIG programs due to enrollment growth and additional federal funds

New Proposals -

- Provide an additional \$1 million per year for various Student Assistance Programs. Funds are targeted for additional dental slots, speech pathology, dental hygiene and the Baker Scholarship Program
- Fund an additional Veterinary Medicine slot in the WICHE program
- Initiate the scholarship program for targeted teaching specialties, outlined in the final report of the Governor's Task Force on Teacher Salaries/Teacher Shortage

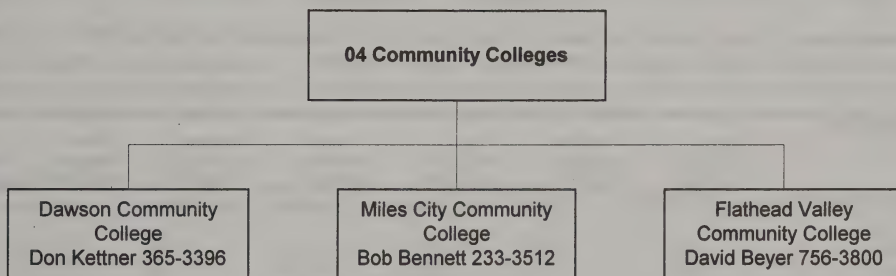
**03 Eisenhower Math & Science
Education
Joyce Scott x0312**

Program Description - This program is a federal grant program aimed at upgrading teaching skills of teachers in math and science.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| Personal Services | 3,551 | (3,551) | 0 | 0 | (3,551) | 0 | 0 |
| Operating Expenses | 13,591 | 0 | 0 | 13,591 | 0 | 0 | 13,591 |
| Grants | 199,153 | 100,000 | 0 | 299,153 | 100,000 | 0 | 299,153 |
| Total Costs | \$216,295 | \$96,449 | \$0 | \$312,744 | \$96,449 | \$0 | \$312,744 |
| Federal Special | 216,295 | 96,449 | 0 | 312,744 | 96,449 | 0 | 312,744 |
| Total Funds | \$216,295 | \$96,449 | \$0 | \$312,744 | \$96,449 | \$0 | \$312,744 |

Significant Present Law Adjustments -

- Increase appropriation authority based on projected federal grant levels and estimated carryover funds available



Program Description - This program distributes funds appropriated by the legislature in support of the three community colleges: Miles Community College, Dawson Community College and Flathead Valley Community College. Each community college district has an elected board of trustees. The Regents have statutory authority to control the community colleges.

Statutory Authority - Title 20, Chapter 15, MCA

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| Local Assistance | 5,204,315 | 373,411 | 0 | 5,577,726 | 396,222 | 0 | 5,600,537 |
| Total Costs | \$5,204,315 | \$373,411 | \$0 | \$5,577,726 | \$396,222 | \$0 | \$5,600,537 |
| General Fund | 5,204,315 | 373,411 | 0 | 5,577,726 | 396,222 | 0 | 5,600,537 |
| Total Funds | \$5,204,315 | \$373,411 | \$0 | \$5,577,726 | \$396,222 | \$0 | \$5,600,537 |

Significant Present Law Adjustments -

- Fund an anticipated increase in the community college enrollment to 2,064 in FY 2002 and 2,085 in FY 2003 at the FY 2001 level of funding of \$2,686 state general fund per student.
- If actual resident student enrollment is greater than the estimated number for the biennium, the community colleges shall serve the additional students without a state general fund contribution. If actual resident student enrollment is less than the estimated number for the biennium, the commissioner of higher education shall revert general fund equal to the estimated cost calculation to the state for each estimated FTE student who did not enroll.

TALENT SEARCH

06 Education Talent Search
Rene' Dubay x0334

Program Description - This is primarily a federally funded program to decrease the dropout rate in high schools and increase enrollment in post-secondary education of disadvantaged students.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 10.95 | 0.00 | 9.25 | 20.20 | 0.00 | 9.50 | 20.45 |
| Personal Services | 385,982 | 4,687 | 333,944 | 724,613 | 7,151 | 346,584 | 739,717 |
| Operating Expenses | 122,820 | 440 | 145,632 | 268,892 | 808 | 221,580 | 345,208 |
| Grants | 0 | 0 | 2,100,000 | 2,100,000 | 0 | 2,145,000 | 2,145,000 |
| Total Costs | \$508,802 | \$5,127 | \$2,579,576 | \$3,093,505 | \$7,959 | \$2,713,164 | \$3,229,925 |
| General Fund | 81,995 | 12,090 | 0 | 94,085 | 12,598 | 0 | 94,593 |
| Federal Special | 426,807 | (6,963) | 2,579,576 | 2,999,420 | (4,639) | 2,713,164 | 3,135,332 |
| Total Funds | \$508,802 | \$5,127 | \$2,579,576 | \$3,093,505 | \$7,959 | \$2,713,164 | \$3,229,925 |

New Proposals -

- Add appropriation authority related to the GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs) grant from the U.S. Department of Education. OCHE received \$1.9 million during FY 2000 with an anticipated \$11.8 million over a five-year period.
- Make permanent an academic specialist position in the Talent Search Program.
- Increase federal authority to spend projected Talent Search funds for 4 percent growth in FY 2002 and 15 percent growth in FY 2003.

08 Carl Perkins & School to
Work
Arlene Parisot x0316

Program Description - The OCHE and the Office of Public Instruction coordinate the primarily federal efforts to support vocational and technical education at the secondary and post-secondary levels.

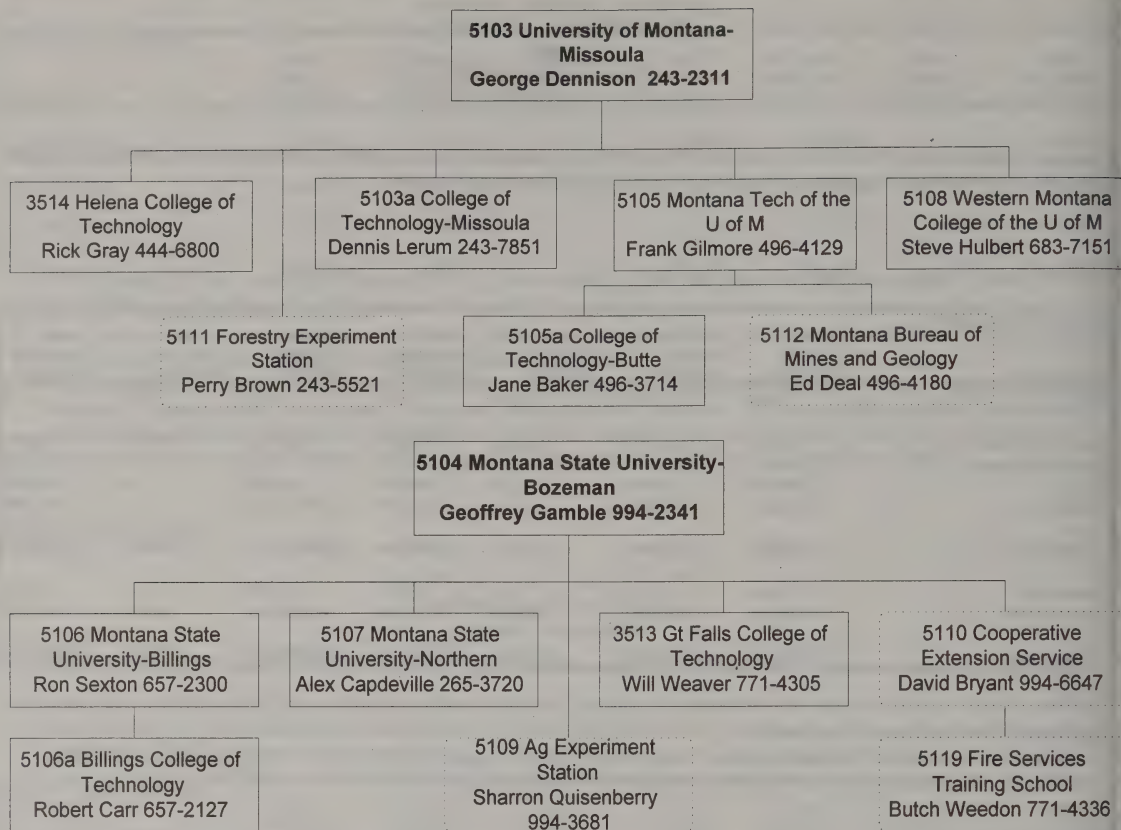
| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 4.00 | 0.00 | 1.00 | 5.00 | 0.00 | 1.00 | 5.00 |
| Personal Services | 236,581 | (53,161) | 44,299 | 227,719 | (52,379) | 44,491 | 228,693 |
| Operating Expenses | 210,677 | 173 | 0 | 210,850 | 131 | 0 | 210,808 |
| Grants | 2,338,806 | 119,595 | 0 | 2,458,401 | 181,099 | 0 | 2,519,905 |
| Transfers | 5,826,327 | (875,957) | 0 | 4,950,370 | (2,578,458) | 0 | 3,247,869 |
| Total Costs | \$8,612,391 | (\$809,350) | \$44,299 | \$7,847,340 | (\$2,449,607) | \$44,491 | \$6,207,275 |
| General Fund | 76,528 | 3,472 | 0 | 80,000 | 3,472 | 0 | 80,000 |
| Federal Special | 8,535,863 | (812,822) | 44,299 | 7,767,340 | (2,453,079) | 44,491 | 6,127,275 |
| Total Funds | \$8,612,391 | (\$809,350) | \$44,299 | \$7,847,340 | (\$2,449,607) | \$44,491 | \$6,207,275 |

Significant Present Law Adjustments -

- Adjustments based on estimated level of federal authority and projected carryover of funds for Carl Perkins and School to Work Grants. School to Work is anticipated to end during FY 2003.

New Proposals -

- Make permanent a program specialist position, who has been funded out of Carl Perkins administrative funds.



Program Description - The Montana University System (MUS) is segregated organizationally into two sub-systems: the University of Montana (UM) and the Montana State University (MSU). The appropriation for the MUS is combined differently. The educational units are combined into one budget and recommended for funding as one. This gives the Board of Regents the ability to move funds between campuses, as needs change. All of these campuses budgets are combined on pages E-33 to E-37. The research and public service agencies (such as Agricultural Experiment Station and Forestry and Conservation Experiment Station) are budgeted individually. Each of these agencies is displayed on a separate page.

PROGRAM INDICATORS -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|------------------|------------------|------------------|---------------------|---------------------|---------------------|
| Resident Enrollments- FTE | 24,323 | 24,436 | 24,603 | 24,873 | 25,004 | 25,207 |
| Budget Devoted to Instruction | 54% | 55% | 54% | 55% | 53% | 53% |
| Credit by Examination - 4 year | 4,660 | 4,396 | 4,408 | 4,500 | 4,500 | 4,500 |
| Institutions - # of Credits | | | | | | |
| Credit by Examination - Colleges of Technology | 684 | 934 | 552 | 500 | 500 | 500 |
| Credit by Examination - Community Colleges | 197 | 76 | 39 | 40 | 40 | 40 |

COMMISSIONER OF HIGHER ED APPROPRIATION DISTRIBUTION

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09

| Program Proposed Budget | | | | | | | |
|-------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| Transfers | 126,084,753 | 5,235,772 | 3,731,676 | 135,052,201 | 5,810,996 | 5,638,926 | 137,534,675 |
| Total Costs | \$126,084,753 | \$5,235,772 | \$3,731,676 | \$135,052,201 | \$5,810,996 | \$5,638,926 | \$137,534,675 |
| General Fund | 110,517,609 | 7,981,772 | 3,731,676 | 122,231,057 | 8,388,996 | 5,638,926 | 124,545,531 |
| State/Other Special | 15,567,144 | (2,746,000) | 0 | 12,821,144 | (2,578,000) | 0 | 12,989,144 |
| Total Funds | \$126,084,753 | \$5,235,772 | \$3,731,676 | \$135,052,201 | \$5,810,996 | \$5,638,926 | \$137,534,675 |

The above table reflects only expenditures of general fund, six mill funds which, for accounting purposes, are transfers from the Office of Commissioner Higher Education (OCHE) to all campuses, colleges, and agencies of the Montana University System (MUS). The total expenditures, which include tuition, federal funds, and other general operating revenue, are recorded in higher education funds (current unrestricted) shown on page E-25.

Executive Budget Recommendation –

- The budget for the eight campuses, along with programs 1, 2, 3, 6, 8 and 13 is recommended to be a combined budget. Since the 1995 session, the educational units budget has been appropriated to the Board of Regents in one appropriation for allocation among the various units.
- Due to property tax reductions created by the 1999 legislative session, revenue decreased from \$30.1 million in the 2001 biennium to \$24.3 million in the 2003 biennium. General Fund has replaced this gap to keep the base budget constant.
- Tuition, interest and other revenue available to the MUS units is anticipated to be \$226.8 million during the 2003 biennium. Tuition is assumed to increase at 3 percent per year.
- A decrease in the number of students from out-of-state projected by the university system will reduce revenue approximately \$12 million in the biennium. Out-of-state students pay tuition equal to or greater than the average cost of education. A reduction in these students will decrease revenue more than the incremental savings from the loss of those students.
- The increase in resident student growth was calculated on a marginal cost basis. If actual resident student enrollment is greater than the estimated number for the biennium, the university system shall serve the additional students with only increased tuition revenue from added students and without additional state general fund. If actual resident student enrollment is less than the estimated number for the biennium, the commissioner of higher education shall revert general fund equal to the marginal cost calculation to the state for each estimated FTE student who did not enroll and the system will not receive associated tuition revenues.

| Educational Units Proposed Budget | | | | | | | |
|-------------------------------------|----------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2000 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| UM - Missoula | 33,898,634 | 1,084,574 | | 34,983,208 | 1,100,996 | | 34,999,630 |
| UM - Tech | 9,170,641 | 223,410 | | 9,394,051 | 243,776 | | 9,414,417 |
| UM- Western | 4,156,173 | 171,247 | | 4,327,420 | 185,775 | | 4,341,948 |
| UM - Helena COT | 2,038,949 | 100,446 | | 2,139,395 | 107,450 | | 2,146,399 |
| MSU - Bozeman | 36,490,509 | 1,399,246 | | 37,889,755 | 1,436,294 | | 37,926,803 |
| MSU - Billings | 13,555,560 | 563,921 | | 14,119,481 | 556,335 | | 14,111,895 |
| MSU - Northern | 6,589,154 | 215,617 | | 6,804,771 | 185,051 | | 6,774,205 |
| MSU - Great Falls COT | 2,656,705 | 139,064 | | 2,795,769 | 135,589 | | 2,792,294 |
| Rural Residency Program | 295,600 | 45,600 | | 341,200 | 45,600 | | 341,200 |
| Distributed Learning | 200,000 | | | 200,000 | | | 200,000 |
| Academic Dev.- Two Year Programs | | | 800,000 | 800,000 | | | - |
| Resident Fee Waivers | | 300,953 | 199,633 | 500,586 | 327,678 | 406,883 | 734,561 |
| Increase State Support | | | 2,500,000 | 2,500,000 | | 5,000,000 | 5,000,000 |
| Resident Enrollment Growth | | 767,567 | | 767,567 | 1,156,135 | | 1,156,135 |
| Banner Inc. Operating Costs | | | 185,540 | 185,540 | | 185,540 | 185,540 |
| Natural Resource Information System | | 22,126 | | 22,126 | 22,127 | | 22,127 |
| Total Costs | 109,051,925 | 5,033,771 | 3,685,173 | 117,770,869 | 5,502,806 | 5,592,423 | 120,147,154 |
| General Fund | 94,242,925 | 7,779,771 | 3,685,173 | 105,707,869 | 8,080,806 | 5,592,423 | 107,916,154 |
| Six Mill Levy | 14,809,000 | (2,746,000) | | 12,063,000 | (2,578,000) | | 12,231,000 |
| Other State Special | | | | | | | |
| Total Funds | 109,051,925 | 5,033,771 | 3,685,173 | 117,770,869 | 5,502,806 | 5,592,423 | 120,147,154 |

Significant Present Law Adjustments (educational units only) -

- Annualize standard fixed costs - \$7.5 million for annualizing fixed costs and the state approved pay plan for the educational units.
- Resident enrollment - \$1.9 million increased cost as resident student enrollment at the educational units is expected to increase by approximately 200 students per year over the next two years.
- New building space - \$0.15 million in increased costs in base budgets to account for the increased cost of operating the new space approved by previous legislatures.
- Resident fee waivers - \$0.63 million increased costs associated with projected level of resident students and the increase in tuition between FY 2000 and FY 2001.
- Allocates a portion of Natural Resources and Information System (NRIS) costs to the Montana University System based upon a cost allocation model. A total of \$44,253 of general fund is budgeted for the 2003 biennium. The MUS must pay an additional \$44,252 for the 2003 biennium in current funds in support of NRIS.

New Proposals (educational units only)-

- Increased state support - Add \$7.5 million over the biennium to fund library and student services, information technology investment, physical plant maintenance, capital equipment and other needs in the MUS.
- New academic programs - Provide \$0.8 million in support of new technical programs at two year colleges that are geared towards economic development.
- Resident fee waivers - \$.61 million increase resulting from an estimated 3 percent tuition increase.
- Banner - Allocates \$.37 million in state funds to help fund a portion of the increased operating costs related to the Banner Higher Education Administrative Information System for student records, human resource, and finance.

AGRICULTURAL EXPERIMENT STATION

Agricultural Experiment
Station
Sharron Quisenberry 994-3681

Mission Statement - To conduct research relating to agriculture, natural resources, and rural life; and to distribute the resulting information among the people of Montana.

Statutory Authority - 20-25-222, 20-25-225 through 20-25-236, MCA

Program Description - The Montana Agricultural Experiment Station was established at Montana State University-Bozeman by the legislature in 1893 under Hatch Act authorization enacted by the U.S. Congress. The agency is the agricultural research component of the land-grant university's three-part mission of teaching, research, and service.

The Fort Keogh Livestock and Range Research Laboratory at Miles City is a cooperative program of the U.S. Department of Agriculture, Agricultural Research Service, and the state through the Montana Agricultural Experiment Station. The purpose of the laboratory is to improve efficiency of livestock production from rangeland resources.

Executive Budget Recommendation -

- Provide current level of research with appropriate inflationary increases plus targeted equipment and research space.

**COMMISSIONER OF HIGHER ED
APPROPRIATION DISTRIBUTION**

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09**

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 239.56 | 0.00 | 0.00 | 239.56 | 0.00 | 0.00 | 239.56 |
| Personal Services | 10,038,201 | 677,527 | 0 | 10,715,728 | 726,630 | 0 | 10,764,831 |
| Operating Expenses | 1,727,890 | 28,576 | 60,000 | 1,816,466 | 28,071 | 60,000 | 1,815,961 |
| Equipment | 162,728 | 230,000 | 0 | 392,728 | 230,000 | 0 | 392,728 |
| Debt Service | 1,898 | 0 | 0 | 1,898 | 0 | 0 | 1,898 |
| Total Costs | \$11,897,205 | \$936,103 | \$60,000 | \$12,926,820 | \$984,701 | \$60,000 | \$12,975,418 |
| General Fund | 8,875,976 | 704,107 | 46,503 | 9,626,586 | 739,600 | 46,503 | 9,662,079 |
| Federal Funds | 2,003,119 | 108,598 | 10,652 | 2,122,369 | 116,728 | 10,652 | 2,130,499 |
| Sale of merchandise | 874,228 | 117,166 | 2,233 | 993,627 | 121,674 | 2,233 | 998,135 |
| Other | 177,394 | 6,233 | 611 | 184,238 | 6,699 | 611 | 184,704 |
| Total Funds | \$11,897,205 | \$936,103 | \$60,000 | \$12,926,820 | \$984,701 | \$60,000 | \$12,975,418 |

Significant Present Law Adjustments-

- Replace various pieces of farm equipment that are 15-43 years old, requiring frequent repairs, with some obsolete, as an OTO

New Proposals -

- Provide additional space for research projects at the Agricultural Experiment Station. \$60,000 per year pays for rent and utilities.

EXTENSION SERVICE

**Extension Service
David Bryant 994-6647**

Mission Statement - The Extension Service is an educational resource dedicated to improving the quality of people's lives by providing research-based knowledge to strengthen the social, economic and environmental well-being of families, communities and agricultural enterprises.

Statutory Authority - 20-25-235, MCA

Program Description - The Extension Service was established in 1914 as a result of the federal Smith-Lever Act. The Extension Service mission is disseminating and encouraging practical use of research about agricultural production and marketing, family and consumer science, and human resource development. It serves 54 of the 56 counties through 52 county extension offices. The central operations are housed on the Bozeman campus. Background materials for its educational efforts are developed by faculty at the Extension Service, the Agricultural Experiment Station, and Montana State University departments.

Executive Budget Recommendation -

- Continue the program at the present level of service with appropriate inflationary adjustments.

**COMMISSIONER OF HIGHER ED
APPROPRIATION DISTRIBUTION**

**5102
09**

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 121.35 | 0.00 | 0.00 | 121.35 | 0.00 | 0.00 | 121.35 |
| Personal Services | 5,546,186 | 214,888 | 0 | 5,761,074 | 235,490 | 0 | 5,781,676 |
| Operating Expenses | 574,606 | 19,158 | 0 | 593,764 | 24,177 | 0 | 598,783 |
| Equipment | 12,012 | (83) | 0 | 11,929 | (83) | 0 | 11,929 |
| Total Costs | \$6,132,804 | \$233,963 | \$0 | \$6,366,767 | \$259,584 | \$0 | \$6,392,388 |
| General Fund | 3,897,593 | 153,347 | 0 | 4,050,940 | 169,660 | 0 | 4,067,253 |
| Federal Funds | 2,183,039 | 85,889 | 0 | 2,268,928 | 95,026 | 0 | 2,278,065 |
| Other | 52,172 | (5,273) | 0 | 46,889 | (5,102) | 0 | 47,070 |
| Total Funds | \$6,132,804 | \$233,963 | \$0 | \$6,366,767 | \$259,584 | \$0 | \$6,392,388 |

Significant Present Law Adjustments -

- Adjust rent paid to the main campus for space in Culbertson Hall to accurately reflect current space used

FORESTRY AND CONSERVATION EXPERIMENT STATION

**Forestry and Conservation
Experiment Station
Perry Brown 243-5521**

Mission Statement - The program purposes include studies of forestland resources, timber, and relationships between forests and water, pasturage, and recreation.

Statutory Authority - 20-25-241, MCA

Program Description - The Montana Forestry and Conservation Experiment Station was established by the legislature in 1937 as a non-profit organization for the scientific investigation of natural resource problems. The station is directed by the Dean of the School of Forestry, is the research unit of the University of Montana School of Forestry. Research is conducted at Lubrecht Experimental Forest and at other locations in Montana in cooperation with private, state, and federal agencies.

Executive Budget Recommendation -

- Continue the program at the present level of service with appropriate inflationary adjustments.

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 13.44 | 0.00 | 0.00 | 13.44 | 0.00 | 0.00 | 13.44 |
| Personal Services | 711,094 | 41,305 | 0 | 752,399 | 44,427 | 0 | 755,521 |
| Operating Expenses | 151,449 | 1,048 | 0 | 152,497 | 1,282 | 0 | 152,731 |
| Total Costs | \$862,543 | \$42,353 | \$0 | \$904,896 | \$45,709 | \$0 | \$908,252 |
| General Fund | 862,543 | 41,529 | 0 | 899,973 | 44,885 | 0 | 903,329 |
| Other | 4,099 | 824 | 0 | 4,923 | 824 | 0 | 4,923 |
| Total Funds | \$862,543 | \$42,353 | \$0 | \$904,896 | \$45,709 | \$0 | \$908,252 |

BUREAU OF MINES

Bureau of Mines and Geology
Ed Deal 496-4180

Mission Statement - To promote the effective use of mineral resources through investigation of their geology, production, treatment, and economics.

Statutory Authority - 20-25-212, MCA

Program Description - The Bureau of Mines and Geology is a public service and research agency at Montana Tech of the University of Montana in Butte. It disseminates information through publications and replies to individual inquiries. Work includes field and laboratory study and compilation of statistics on all mineral resources, metallic and nonmetallic minerals, fuels, and ground water.

Executive Budget Recommendation -

- Continue the program at the present level of service with appropriate inflationary adjustments

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 34.16 | 0.00 | 0.00 | 34.16 | 0.00 | 0.00 | 34.16 |
| Personal Services | 1,604,895 | 70,574 | 0 | 1,675,469 | 75,388 | 0 | 1,680,283 |
| Operating Expenses | 478,322 | 8,015 | 0 | 486,337 | 8,015 | 0 | 486,337 |
| Equipment | 14,066 | 0 | 0 | 14,066 | 0 | 0 | 14,066 |
| Debt Service | 169 | 0 | 0 | 169 | 0 | 0 | 169 |
| Total Costs | \$2,097,452 | \$78,589 | \$0 | \$2,176,709 | \$83,403 | \$0 | \$2,181,523 |
| General Fund | 1,470,263 | 78,468 | 0 | 1,548,731 | 83,282 | 0 | 1,553,545 |
| State special | 600,000 | 0 | 0 | 600,000 | 0 | 0 | 600,000 |
| Other | 27,189 | 121 | 0 | 27,310 | 121 | 0 | 27,310 |
| Total Funds | \$2,097,452 | \$78,589 | \$0 | \$2,176,041 | \$83,403 | \$0 | \$2,180,855 |

FIRE SERVICES TRAINING SCHOOL

Fire Services Training School
Butch Weedon 771-4336

Mission Statement - To build capacity in local governments for protecting the life safety of citizens, their property, the tax base and infrastructure from harm caused by unwanted fires, accidents, injuries, hazardous materials incidents and other emergencies.

Statutory Authority - 20-31-102 MCA

Executive Budget Recommendation -

- Continue the program at the present level of service with appropriate inflationary adjustments

**COMMISSIONER OF HIGHER ED
APPROPRIATION DISTRIBUTION**

**5102
09**

| Agency Proposed Budget | | | | | | | |
|------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 6.17 | 0.73 | 0.00 | 6.90 | 0.73 | 0.00 | 6.90 |
| Personal Services | 270,202 | 47,104 | 0 | 317,306 | 48,291 | 0 | 318,493 |
| Operating Expenses | 53,339 | 195 | 0 | 55,232 | (3,779) | 0 | 49,560 |
| Equipment | 22,894 | 7,322 | 0 | 30,216 | 56,322 | 0 | 79,216 |
| Total Costs | \$346,435 | \$54,621 | \$0 | \$401,056 | \$100,834 | \$0 | \$447,269 |
| General Fund | 344,057 | 52,902 | 0 | 396,959 | 99,115 | 0 | 443,172 |
| Other | 2,378 | 1,719 | 0 | 4,097 | 1,719 | 0 | 4,097 |
| Total Funds | \$346,435 | \$54,621 | \$0 | \$401,056 | \$100,834 | \$0 | \$447,269 |

Significant Present Law Adjustments -

- Additional personnel were phased in over the 2001 biennium, and the Base is brought up to the FY 2001 level of personnel
- Replace one mobile training lab tractor in FY 2003 since current tractors are in need of frequent repairs

Program Indicators -

| Indicator | Actual FY1998 | Actual FY1999 | Actual FY2000 | Estimated FY2001 | Requested FY2002 | Requested FY2003 |
|---|---------------|---------------|---------------|------------------|------------------|------------------|
| Fire Departments Impacted by FSTS | 175 | 175 | 180 | 200 | 200 | 200 |
| Fire Departments Significantly Impacted by FSTS | 58 | 58 | 63 | 120 | 120 | 120 |

TRIBAL COLLEGE ASSISTANCE PROGRAM

Program Description - Provides assistance to tribal colleges in Montana.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------|--------------------------------|---------------------------|--------------------------------|--------------------------------|---------------------------|--------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| Grants | 0 | 0 | 417,000 | 417,000 | 0 | 417,000 | 417,000 |
| Total Costs | \$0 | \$0 | \$417,000 | \$417,000 | \$0 | \$417,000 | \$417,000 |
| General Fund | 0 | 0 | 417,000 | 417,000 | 0 | 417,000 | 417,000 |
| Total Funds | \$0 | \$0 | \$417,000 | \$417,000 | \$0 | \$417,000 | \$417,000 |

New Proposals -

- Restore the same level of funding as the previous biennium for non-beneficiary students attending tribal colleges. The 1999 Legislature established this as a one-time-only appropriation.

12 Guaranteed Student Loan
Program
Arlene Hannawalt x0351

Program Description - Guaranteed Student Loan Program (GSL) operates under federal regulation to guarantee federal student loans. GSL purchases and services student loans that have been defaulted, works to prevent default, collects outstanding principle from defaulted loans and provides training and technical assistance to schools and lenders.

Statutory authority - Title 20 Chapter 26, MCA

Executive Budget Recommendation -

- Continue the program at base plus personal services, fixed costs, and inflation adjustments. Allow increases in appropriation authority related to scholarships, expanded default services, and a recommendation by the Legislative Audit Division.

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| FTE | 43.20 | 0.00 | 3.00 | 46.20 | 0.00 | 3.00 | 46.20 |
| Personal Services | 1,351,898 | 78,344 | 98,451 | 1,528,693 | 87,411 | 98,865 | 1,538,174 |
| Operating Expenses | 3,143,991 | 155,711 | 4,585,380 | 7,885,082 | 158,537 | 4,789,131 | 8,091,659 |
| Benefits & Claims | 18,462,439 | 0 | 6,812,849 | 25,275,288 | 0 | 9,300,378 | 27,762,817 |
| Debt Service | 3,748 | 0 | 0 | 3,748 | 0 | 0 | 3,748 |
| Total Costs | \$22,962,076 | \$234,055 | \$11,496,680 | \$34,692,811 | \$245,948 | \$14,188,374 | \$37,396,398 |
| Federal Special | 22,962,076 | 234,055 | 11,496,680 | 34,692,811 | 245,948 | 14,188,374 | 37,396,398 |
| Total Funds | \$22,962,076 | \$234,055 | \$11,496,680 | \$34,692,811 | \$245,948 | \$14,188,374 | \$37,396,398 |

Significant Present Law Adjustments -

- Increase in the amount of servicing fees related to maintenance of the software servicing system and database for the agency student loan portfolio

New Proposals -

- Add 3.00 FTE to provide additional default reduction services, expand the availability of financial aid services via the Internet, and expand agency scholarship and grant programs to Montana students.
- Add \$25 million in expenditure authority to implement a change in accounting practice as suggested by the Legislative Audit Division. The change in accounting method is related to defaulted student loan dollars collected from "net" value to "gross" value.
- Use interest earnings from the GSL reserve fund for expanded default reduction activities.
- Participate in the GEAR UP program by providing in-kind contributions and scholarship funds to targeted low-income students.

13 Board of Regents
Margie Thompson 494-2873

Program Description - The Board of Regents program provides secretarial support, travel and per diem for the Board of Regents. The Board of Regents has full power, responsibility, and authority to supervise, coordinate, manage, and control the Montana University System.

Statutory Authority - Article X, Section 9 of the Montana Constitution and 20-25-301, MCA

Executive Budget Recommendation -

- Reinstated per diem at the level in the base year

| Program Proposed Budget | | | | | | | |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------|--------------------------------------|--------------------------------------|---------------------------------|--------------------------------------|
| Budget Item | Base Budget Fiscal 2000 | PL Base Adjustment Fiscal 2002 | New Proposals Fiscal 2002 | Total Exec. Budget Fiscal 2002 | PL Base Adjustment Fiscal 2003 | New Proposals Fiscal 2003 | Total Exec. Budget Fiscal 2003 |
| Personal Services | 11,150 | 0 | 0 | 11,150 | 0 | 0 | 11,150 |
| Operating Expenses | 32,612 | 0 | 0 | 32,612 | 0 | 0 | 32,612 |
| Total Costs | \$43,762 | \$0 | \$0 | \$43,762 | \$0 | \$0 | \$43,762 |
| General Fund | 43,762 | 0 | 0 | 43,762 | 0 | 0 | 43,762 |
| Total Funds | \$43,762 | \$0 | \$0 | \$43,762 | \$0 | \$0 | \$43,762 |

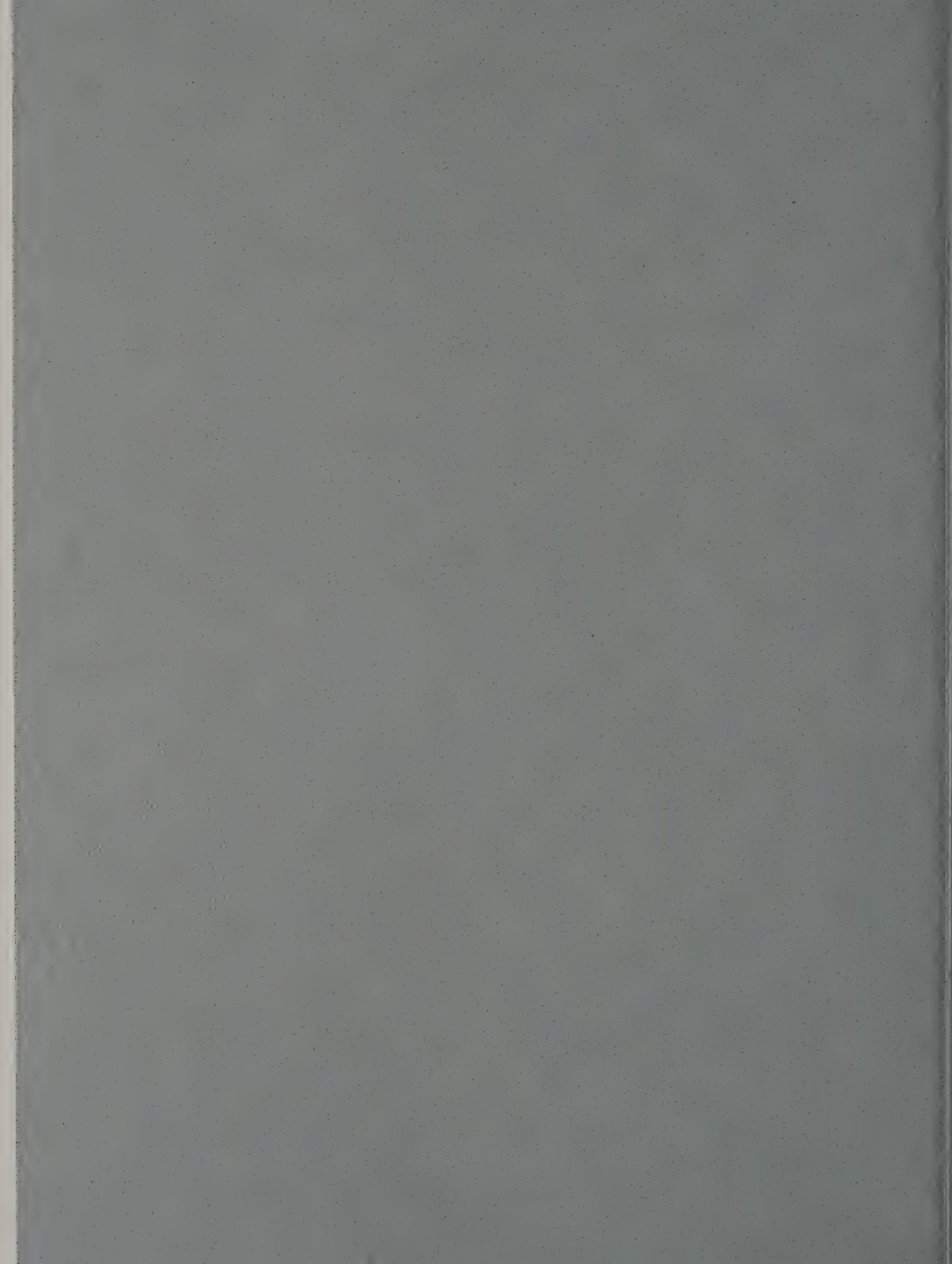


LONG-RANGE PLANNING

| | |
|---|--------------------------------------|
| Long-Range Building Program | Cultural & Aesthetic Grant Program |
| Treasure State Endowment Program | Oil Overcharge Funds |
| Reclamation & Development Grant Program | State Buildings Energy Conservation |
| Renewable Resource Grant & Loan Program | Information Technology Bond Proposal |
| Coal Tax Trust Fund Loan – Cultural Heritage Initiative | |

OBPP Staff

Doug Booker x4895



LONG-RANGE BUILDING PROGRAM

Purpose - The Long-Range Building Program was initiated in 1965 to provide funding for construction and maintenance of state buildings. The LRBP was developed in order to present a single, comprehensive and prioritized plan for allocating state resources for capital construction and maintenance of state-owned facilities. Primary statutory authority is Title 17, Chapter 7, part 2, MCA.

Executive Recommendation -

- **Volume 2 of the Governor's 2003 biennium Executive Budget** contains the complete LRBP project applications and recommended project descriptions, which total \$163,711,610. All recommended projects are listed on Table F-2.
- **HB 5** contains \$4,319,660 LRBP, \$22,275,325 state special revenue, \$14,286,000 federal special revenue, and \$33,595,625 other funds for a total of 53 projects and \$74,476,610 in the cash bill.
- Highest priorities in the cash recommendations are safety and mechanical projects statewide.
- **HB 14** recommends general obligation bonds for 11 projects, of which up to \$46.7 million maximum could require general fund debt service payments.
- Total bonded program is for \$89,235,000 and includes \$46.7 million in LRBP, \$11.4 million in state special revenue, \$25.7 million in federal special revenue and \$5.3 million in other funds.
- General fund debt service is budgeted at \$1 million in the Executive Budget balance sheet based on the planned design/construction schedule and the proceeds from the sale of the Montana National Guard Headquarters Armory of \$1.2 million.
- If HB 14 is approved, the total LRBP debt service will be approximately \$5.9 million by FY 2004, compared with a high of about \$20.8 million in FY 1995.

Language Recommendation -

The following language will be included in the introduced version of **HB 5**:

- "Inmate labor will be utilized for the construction of the new female dormitory wing at the treasure state correctional training center."
- "The department of fish, wildlife and parks, the department of military affairs, and the department of transportation are authorized to transfer money appropriated in this bill among fund types."
- "The appropriations of \$150,000 in capitol land grant revenue to the department of fish, wildlife, and parks for capitol ground improvements, and \$400,000 to the department of administration for capitol complex land acquisition are the last priorities for use of these funds during the 2003 biennium and are dependent upon the availability of revenues. The department of administration architecture and engineering division will set the priorities for revenue available for the two projects."
- "If **HB 5** and the bill to increase the cigarette tax both are passed and approved, the following projects are approved for LRBP funding, in addition to current requested projects: Increase Life Safety Projects, Statewide - \$450,000; Increase Hazardous Material Mitigation Fund - \$1,000,000; Increase Roofs - Statewide - \$150,000; Increase Project Litigation Fund - \$25,000; Increase Paving and Improvements at Eastmont, Glendive - \$103,300; Code Compliance/Deferred Maintenance, University System - \$1,100,000; SWLO Missoula Unit Improvements, DNRC - \$150,000."
- "Funding for the museum study/design is contingent upon passage and approval of HB 16."

The following language will be included in the introduced version of **HB 14**:

- "All proceeds derived from the sale of the Montana national guard headquarters armory located in Helena, Montana, shall be used to pay the general obligation debt service on the bonds issued for construction of the new DPHHS building. The proceeds of the sale shall be deposited to the general fund for this purpose."
- "Prior to bonding for the applied technology center, private and/or federal funding must be available to match the bonded amount for completion of the building. The "other" authority in HB 14 may be utilized as federal special revenue authority if required."

LONG-RANGE BUILDING PROGRAM

| Table F-1 REVENUE ESTIMATE LONG-RANGE BUILDING PROGRAM ACCOUNT 2003 BIENNIUM | |
|---|---------------------------|
| Estimated Beginning Cash Balance (July 1, 2001) | (\$165,568) |
| Revenues: | |
| Cigarette Tax | \$3,416,161 |
| Coal Severance Tax | 8,272,000 |
| Interest Earnings | 330,792 |
| Supervisory Fees | 365,010 |
| DEQ Transfer - Energy Savings | <u>287,993</u> |
| Total Revenues | <u>12,671,956</u> |
| Funds Available | 12,506,388 |
| Expenditures: | |
| Operating Costs - A & E Division (Current Request) | (2,322,127) |
| Debt Service - 1996D Issue* | (3,583,988) |
| Debt Service - 1997B Issue* | (882,862) |
| Debt Service - 1999C Issue * | <u>(1,395,644)</u> |
| Total Expenditures - Excluding Capital Projects | <u>(8,184,621)</u> |
| Funds Available For Capital Projects | 4,321,767 |
| Funding Proposals | |
| Capital Construction Program - LRBP Projects Only (Funds will be allocated in LRBP budget) | 0 |
| Total Funding Proposals | 0 |
| Balance Remaining | <u>\$4,321,767</u> |
| * CST portion only | |

Funding -

- Cigarette tax revenue is projected at \$3.416 million
- Coal severance tax revenue is projected at \$8.272 million.
- State buildings energy savings transfers by the DEQ are \$287,993
- If the cigarette tax increase is adopted as recommended, an additional \$3 million would be available for major maintenance.

LONG-RANGE BUILDING PROGRAM

Table F-2
Long-Range Building Program Recommendations 2003 Biennium Cash & Bonded Projects

| Priority | PROJECT | LRBP | STATE SPECIAL | FEDERAL SPECIAL | OTHER FUNDS | TOTAL |
|---|---|---------|------------------|--------------------|----------------|-----------|
| <u>House Bill 5 - CASH PROGRAM</u> | | | | | | |
| 1 | REPLACE PRIMARY POWER DISTRIBUTION SYSTEM, UM-WMC | 162,750 | | | 59,375 | 222,125 |
| 2 | LIFE SAFETY PROJECTS, STATEWIDE | 400,000 | | | | 400,000 |
| 3 | HAZARDOUS MATERIAL MITIGATION FUND | 350,000 | | | | 350,000 |
| 4 | ROOFS – STATEWIDE, A&E | 499,000 | | | | 499,000 |
| 5 | ROOFS – STATEWIDE, MUS | 426,000 | | | | 426,000 |
| 6 | UPGRADE FOUNDATIONS AND BOILER, MLEA | 200,000 | | | | 200,000 |
| 7 | HEATING PLANT STEAM DIST- PHASE II, UM-Tech | 438,750 | | | 236,250 | 675,000 |
| 8 | FACILITY IMPROVEMENTS, MSD&B | 315,160 | | | | 315,160 |
| 9 | LICENSURE COMPLIANCE, MMHNC | 524,000 | | | | 524,000 |
| 10 | MASTER PLAN CAMPUSES, MUS | 150,000 | | | 150,000 | 300,000 |
| 11 | PROJECT LITIGATION FUND | 475,000 | | | | 475,000 |
| 12 | EXPAND UNIT OFFICE, DNRC LIBBY | 94,000 | | | | 94,000 |
| 13 | PAVING AND IMPROVEMENTS AT EASTMONT, PHHS GLENDIVE | 200,000 | | | | 200,000 |
| 14 | NEW FEMALE DORMITORY WING AT BOOT CAMP, TSCTC | 85,000 | | | | 85,000 |
| 15 | ANIMAL & RANGE SCIENCE FACILITY ,MSU | | | | 5,000,000 | 5,000,000 |
| 16 | GRANT PROJECTS, ALL CAMPUSES, UM | | | | 1,500,000 | 1,500,000 |
| 17 | ADA CODE / DEFERRED MAINTENANCE,UM | | | | 1,000,000 | 1,000,000 |

LONG-RANGE BUILDING PROGRAM

Table F-2

Long-Range Building Program Recommendations 2003 Biennium Cash & Bonded Projects

| Priority | PROJECT | LRBP | STATE SPECIAL | FEDERAL SPECIAL | OTHER FUNDS | TOTAL |
|----------|---|------|---------------|-----------------|-------------|------------|
| 18 | FINE ARTS MUSEUM REMODEL/UPGRADE, UM | | | | 5,000,000 | 5,000,000 |
| 19 | MULTI MEDIA CENTER, UM YELLOW BAY | | | | 1,350,000 | 1,350,000 |
| 20 | INTERNATIONAL CENTER, UM | | | | 1,250,000 | 1,250,000 |
| 21 | LAW BUILDING RENOVATION / EXPANSION, UM | | | | 5,000,000 | 5,000,000 |
| 22 | SCHOOL OF JOURNALISM BUILDING, UM | | | | 12,000,000 | 12,000,000 |
| 23 | FAS MAINTENANCE, FWP | | 275,000 | | | 275,000 |
| 24 | FAS SITE PROTECTION, FWP | | 600,000 | 100,000 | | 700,000 |
| 25 | FAS ACQUISITION, FWP | | 600,000 | | | 600,000 |
| 26 | HATCHERY MAINTENANCE, FWP | | 575,000 | | | 575,000 |
| 27 | PARK/BEARPAW LAKES DAM REPAIR, FWP | | 210,000 | | | 210,000 |
| 28 | FUTURE FISHERIES, FWP | | 2,010,000 | | | 2,010,000 |
| 29 | VALIER BOAT RAMP, FWP | | | 150,000 | | 150,000 |
| 30 | WILDLIFE HABITAT MAINTENANCE, FWP | | 750,000 | | | 750,000 |
| 31 | HABITAT MONTANA, FWP | | 4,800,000 | | | 4,800,000 |
| 32 | WATERFOWL STAMP PROGRAM, FWP | | 230,000 | | | 230,000 |
| 33 | UPLAND GAME BIRD PROGRAM, FWP | | 1,200,000 | | | 1,200,000 |
| 34 | BIG HORN SHEEP PROGRAM, FWP | | 25,000 | | | 25,000 |
| 35 | CARA – WILDLIFE, FWP | | | 2,120,000 | | 2,120,000 |
| 36 | CULTURAL & HISTORIC PARKS, FWP | | 1,755,000 | 150,000 | | 1,905,000 |

LONG-RANGE BUILDING PROGRAM

Table F-2

Long-Range Building Program Recommendations 2003 Biennium Cash & Bonded Projects

| Priority | PROJECT | LRBP | STATE SPECIAL | FEDERAL SPECIAL | OTHER FUNDS | TOTAL |
|-------------------------|---|--------------|------------------|--------------------|----------------|---------------|
| 37 | MOTORBOAT RECREATION, FWP | | 754,650 | 505,000 | | 1,259,650 |
| 38 | FEDERAL WB, FWP | | | 745,000 | | 745,000 |
| 39 | LEWIS & CLARK BICENTENNIAL, FWP | | | | 500,000 | 500,000 |
| 40 | STATE PARK ROADS, FWP | | 400,000 | | | 400,000 |
| 41 | CAPITOL COMPLEX GROUNDS IMPROVEMENTS, FWP | | | | 150,000 | 150,000 |
| 42 | LWCF GRANTS, FWP | | | 570,000 | | 570,000 |
| 43 | FEDERAL TRAILS GRANTS, FWP | | | 1,900,000 | | 1,900,000 |
| 44 | OHV TRAILS GRANTS, FWP | | 425,000 | | | 425,000 |
| 45 | CARA - LWCF, FWP | | | 6,546,000 | | 6,546,000 |
| 46 | ADMINISTRATIVE FACILITY REPAIR AND MAINTENANCE | | 764,000 | | | 764,000 |
| 47 | MAINTENANCE, REPAIR & SMALL PROJECTS, MDT | | 2,800,000 | | | 2,800,000 |
| 48 | CONSTRUCT EQUIPMENT STORAGE, BUILDINGS, MDT | | 2,700,000 | | | 2,700,000 |
| 49 | MUSEUM STUDY/DESIGN, Admin | | 1,000,000 | | | 1,000,000 |
| 50 | CAPITOL COMPLEX LAND ACQUISITION, Admin | | | | 400,000 | 400,000 |
| 51 | FEDERAL SPENDING AUTHORITY, DMA | | | 1,500,000 | | 1,500,000 |
| 52 | MVH IMPROVEMENTS, PHHS | | 223,875 | | | 223,875 |
| 53 | EMVH IMPROVEMENTS, PHHS | | 177,800 | | | 177,800 |
| TOTAL HB 5 CASH PROGRAM | | \$ 4,319,660 | \$ 22,275,325 | \$ 14,286,000 | \$ 33,595,625 | \$ 74,476,610 |

LONG-RANGE BUILDING PROGRAM

Table F-2

Long-Range Building Program Recommendations 2003 Biennium Cash & Bonded Projects

| Priority | PROJECT | LRBP | STATE SPECIAL | FEDERAL SPECIAL | OTHER FUNDS | TOTAL |
|----------|---|----------------------|----------------------|----------------------|----------------------|-----------------------|
| | <u>House Bill 14 - BONDED PROGRAM</u> | | | | | |
| 54 | RENOVATE CHEMISTRY BUILDING | 6,350,000 | | | | 6,350,000 |
| 55 | RENOVATE LIBERAL ARTS LIFE SAFETY MAINTENANCE, MSU-Billings | 3,220,000 | | | | 3,220,000 |
| 56 | REPLACE HVAC- PHASE II - SCIENCE COMPLEX, UM | 3,286,000 | | | | 3,286,000 |
| 57 | RENOVATE EXTERIOR LINFIELD HALL AND MONTANA HALL, MSU, DEFERRED MAINTENANCE | 1,450,000 | | | | 1,450,000 |
| 58 | CONSTRUCT DPHHS BUILDING, HELENA | 10,162,391 | 11,411,050 | 17,953,559 | 1,200,000 | 40,727,000 |
| 59 | EXPAND COT-HELENA, UM | 5,492,000 | | | | 5,492,000 |
| 60 | CONSTRUCT NEW DILLON ARMORY,DMA | 1,940,000 | | 3,800,000 | | 5,740,000 |
| 61 | CONSTRUCT C. RECEPTION UNIT,DOC | 8,547,000 | | | | 8,547,000 |
| 62 | UPGRADE HVAC SYSTEMS, COWAN HALL, MSU-Northern | 2,173,000 | | | | 2,173,000 |
| 63 | CONSTRUCT MISSOULA JOB SERVICE, Labor | | | 4,000,000 | | 4,000,000 |
| 65 | CONSTRUCT APPLIED TECHNOLOGY CENTER, MSU-Northern | 4,125,000 | | | 4,125,000 | 8,250,000 |
| | TOTAL HB 14 BONDED PROGRAM | \$ 46,745,391 | \$ 11,411,050 | \$ 25,753,559 | \$ 5,325,000 | \$ 89,235,000 |
| | TOTAL LRB PROGRAM | \$ 51,065,051 | \$ 33,686,375 | \$ 40,039,559 | \$ 38,920,625 | \$ 163,711,610 |

CASH PROGRAM EXPANDED WITH CIGARETTE TAX INCREASE

| | | |
|----|--|-----------|
| 66 | LIFE SAFETY PROJECTS, Admin | 450,000 |
| 67 | CODE COMPLIANCE/DEFERRED MAINTENANCE,MUS | 1,100,000 |

LONG-RANGE BUILDING PROGRAM

Table F-2
CASH PROGRAM EXPANDED WITH CIGARETTE TAX INCREASE

| Priority | PROJECT | LRBP | STATE SPECIAL | FEDERAL SPECIAL | OTHER FUNDS | TOTAL |
|----------|---|---------------|------------------|--------------------|----------------|---------------|
| 68 | HAZARDOUS MATERIAL MITIGATION, Admin | 1,000,000 | | | | |
| 69 | ROOFS STATEWIDE, Admin | 150,000 | | | | |
| 70 | PAVING AND IMPROVEMENTS AT EASTMONT, GLENDIVE, PHHS | 103,300 | | | | |
| 71 | SWLO- MISSOULA UNIT IMPROVEMENTS, DNRC | 150,000 | | | | |
| 72 | PROJECT LITIGATION FUND, Admin | 25,000 | | | | |
| | EXPANDED CASH PROGRAM | 2,978,300 | - | - | - | 2,978,300 |
| | TOTAL EXPANDED PROGRAM WITH INCREASE CIGARETTE TAX | \$ 54,043,351 | \$ 33,686,375 | \$ 40,039,559 | \$ 38,920,625 | \$166,689,910 |

TREASURE STATE ENDOWMENT PROGRAM

Purpose - The Treasure State Endowment Program (TSEP), administered by the Department of Commerce, is a coal tax-funded program designed to assist communities with infrastructure financing as authorized by Montana voters with passage of Legislative Referendum 110 in 1992. The program is defined in Title 90, Chapter 6, part 7, MCA. Goals for the program include:

- create jobs for Montana residents;
- promote economic growth in Montana by helping to finance the necessary infrastructure;
- encourage local public facility improvements;
- create a partnership between the state and local governments to make necessary public projects affordable;
- support long-term, stable economic growth in Montana;
- protect future generations from undue fiscal burdens caused by financing necessary public works;
- coordinate and improve infrastructure financing by federal, state, local government, and private sources; and
- enhance the quality of life and protect the health, safety, and welfare of Montana citizens.

Executive Recommendation -

- **Volume 3 of the Governor's 2003 biennium Executive Budget** contains the department's evaluation of each of the TSEP applications and recommendations.
- About \$14 million in net endowment interest will be available for grant awards for the 2003 biennium.
- **HB 11** contains recommendations for grants to 31 of the 38 applicants, whose requests totaled \$16,771,278 from TSEP funds.
- **HB 11** recommends three additional projects for contingent grant funding, if revenue projections are higher or other projects are not able use funds. All recommended projects are listed on Table F-3.

Since the Last Session -

- Improved application ranking process, including pre-defined scoring levels and changes to the engineering review process.
- Prepared a new manual to assist local governments with the process of bidding a project and proceeding with construction.
- Developed new evaluation criteria for each of the seven statutory priorities as a result of the changes to the statutory priorities.

TREASURE STATE ENDOWMENT PROGRAM

Table F-3
TSEP 2003 Biennium Grant Recommendations

| Cumulative TSEP Grant Proposed Award | Applicant | Utility | Proposed Grant Award | Rank Order |
|---|---|------------------|-------------------------|---------------|
| 500,000 | Lewis & Clark County | Bridge | 500,000 | 1 |
| 1,000,000 | Alder Water & Sewer District | Wastewater | 500,000 | 2 |
| 1,500,000 | Town of Hot Springs | Water | 500,000 | 3 |
| 2,000,000 | Whitewater Water & Sewer District | Wastewater | 500,000 | 4 |
| 2,500,000 | Town of Virginia City | Wastewater | 500,000 | 5 |
| 2,890,600 | Town of Froid | Wastewater | 390,600 | 6 |
| 3,390,600 | Town of Nashua | Wastewater | 500,000 | 7 |
| 3,687,100 | Richland County | Bridge | 296,500 | 8 |
| 4,170,100 | Town of Lavina | Wastewater | 483,000 | 9 |
| 4,568,600 | Gardiner-Park County Water & Sewer District | Water | 398,500 | 10 |
| 5,068,600 | Park City Water & Sewer District | Wastewater | 500,000 | 11 |
| 5,568,600 | Town of Stanford | Wastewater | 500,000 | 12 |
| 6,068,600 | Florence County Water & Sewer District | Wastewater | 500,000 | 13 |
| 6,568,600 | Ashland County Water & Sewer District | Wastewater | 500,000 | 14 |
| 6,736,060 | Town of Geraldine | Water | 167,460 | 15 |
| 7,236,060 | Town of Manhattan | Wastewater | 500,000 | 16 |
| 7,639,060 | Lambert County Water & Sewer District | Water | 403,000 | 17 |
| 8,139,060 | Town of Browning | Water | 500,000 | 18 |
| 8,524,060 | Town of Kevin | Wastewater | 385,000 | 19 |
| 8,949,060 | Power-Teton County Water & Sewer District | Water | 425,000 | 20 |
| 9,449,060 | Blackfeet Tribe | Water | 500,000 | 21 |
| 9,949,060 | City of Whitefish | Wastewater | 500,000 | 22 |
| 10,449,060 | City of Choteau | Wastewater | 500,000 | 23 |
| 10,949,060 | Lockwood Water & Sewer District | Wastewater | 500,000 | 24 |
| 11,318,060 | Town of Eureka | Water | 369,000 | 25 |
| 11,818,060 | City of Shelby | Water | 500,000 | 26 |
| 12,318,060 | Charlo-Lake County Sewer District | Wastewater | 500,000 | 27 |
| 12,543,060 | Essex County Water & Sewer District | Water | 225,000 | 28 |
| 13,043,060 | City of Helena | Stormdrain | 500,000 | 29 |
| 13,372,060 | Hinsdale Water & Sewer District | Wastewater | 329,000 | 30 |
| 13,872,060 | City of Havre | Water | 500,000 | 31 |
| 14,372,060 | Town of Fairfield * | Wastewater | 500,000 | 32 |
| 14,672,060 | Yellowstone County * | Bridge | 300,000 | 33 |
| 15,172,060 | Town of Jordan * | Water/Wastewater | 500,000 | 34 |
| | | | \$ 15,172,060 | |

* These applicants are recommended for grant awards contingent upon TSEP funds being available.

RECLAMATION AND DEVELOPMENT GRANT PROGRAM

Purpose - The Reclamation and Development Grants Program (RDGP) was established by the Montana Legislature in 1987 to enable funding for projects that indemnify the people of Montana for the effects of mineral development on public resources and that meet other crucial needs serving the public interest and the total environment of the citizens of Montana. Administered by the Department of Natural Resources and Conservation (DNRC), the RDGP fulfills this mission by funding projects that (1) repair, reclaim, and mitigate environmental damage to public resources from nonrenewable resource extraction, and (2) develop and ensure the quality of public resources for the benefit of all Montanans. The RDGP Act is Title 90, Chapter 2, part 11, MCA.

Executive Recommendation -

- **Volume 4 of the Governor's 2001 biennium Executive Budget** contains the complete project evaluations and funding recommendations for the RDGP. Table F-4 lists the recommended projects.
- **HB 7** presents the reclamation and development grant recommendations which total \$5,982,297 for 25 projects.
- Requests are matched by about \$13 million in non-RDGP funds from a variety of state, federal, private and local sources.
- Representative mineral development-related projects include reclamation and cleanup of the Ruby Gulch mine tailings at the Zortman-Landusky Mine, the Ontario Mine near Elliston, the Broadway/Victoria, Mammoth and Gregory Mines all located in western Montana, four drainages impacted by placer mining located near Canyon Ferry Lake, and numerous oil/gas wells located throughout Montana.
- Non-mineral projects include cleanup and reclamation of three hazardous waste sites contaminated by petroleum and/or pesticides.

Since the Last Session -

- Most project work has been reclamation of abandoned hard rock mines, hazardous waste sites, and plugging and site restoration of orphaned oil and gas wells.
- Progress has been made in reclamation research on heavy metal tolerant plants, technical assistance to local governments, and investigation of cumulative effects on the Yellowstone River caused by channel modifications.
- DNRC received 30 grant applications requesting \$7,595,837 in RDGP funding during the interim.

RECLAMATION AND DEVELOPMENT GRANT PROGRAM

Table F-4
2003 Biennium Reclamation and Development Grants

| | Sponsor/Title | Amount Requested | Recommended Amount | Cumulative Amount Recommended |
|----|--|------------------|--------------------|-------------------------------|
| 1 | Board of Oil and Gas Conservation 2001 Eastern District Orphaned Well Plug/ Abandonment-Site Recovery | 300,000 | 300,000 | 300,000 |
| 2 | Board of Oil and Gas Conservation 2001 Northern District Orphaned Well Plug/Abandonment-Site Recovery | 300,000 | 300,000 | 600,000 |
| 3 | Department of Environmental Quality Development-Trust Fund long term water treatment-Zortman-Landusky | 300,000 | 300,000 | 900,000 |
| 4 | Powell County Ontario Wet Tailings Reclamation | 300,000 | 300,000 | 1,200,000 |
| 5 | City of Lewistown Reclamation of Brewery Flats on Big Spring Creek | 297,740 | 297,740 | 1,497,740 |
| 6 | Department of Environmental Quality CMC Pony Mill site Reclamation Project (completion phase) | 291,191 | 291,191 | 1,788,931 |
| 7 | Broadwater County Conservation District Big Belt Mine Reclamation Projects | 145,380 | 145,380 | 1,934,311 |
| 8 | City of Deer Lodge Former Chicago Milwaukee Railroad Fueling Area, Deer Lodge | 140,000 | 140,000 | 2,074,311 |
| 9 | Butte-Silver Bow County Upper Clark Fork Basin; Superfund Technical Assistance | 107,814 | 49,272 | 2,123,583 |
| 10 | Board of Oil and Gas Conservation 2001 Southern District Orphaned Well Plug/Abandonment-Site Recovery | 300,000 | 300,000 | 2,423,583 |
| 11 | Custer County Conservation District Yellowstone River Resource Conservation Project | 299,977 | 299,977 | 2,723,560 |
| 12 | Cascade County / Weed and Mosquito Management Fort Shaw Weed Shop Soil Contamination Remediation | 237,345 | 218,466 | 2,942,026 |
| 13 | Department of Environmental Quality Zortman Mine - Ruby Gulch Tailings Removal | 300,000 | 300,000 | 3,242,026 |
| 14 | Sheridan County Conservation District Reclamation of Oilfield Brine Contaminated Soils | 299,950 | 299,950 | 3,541,976 |
| 15 | Department of Natural Resources and Conservation DNRC Environmental Hazard Sites on State Land | 272,500 | 272,500 | 3,814,476 |
| 16 | Flathead and Missoula Counties Assessment of Aggregate Resources for long-term planning | 167,821 | 167,821 | 3,982,297 |

RECLAMATION AND DEVELOPMENT GRANT PROGRAM

| Table F-4 | | | | |
|--|---|------------------|--------------------|-------------------------------|
| 2003 Biennium Reclamation and Development Grants | | | | |
| | Sponsor/Title | Amount Requested | Recommended Amount | Cumulative Amount Recommended |
| Reauthorization of existing appropriations: | | | | |
| | Three 1999 DEQ Appropriations - \$900,000 outstanding authorization reauthorized for any of the following 6: | | | |
| 1 | Department of Environmental Quality Mammoth Mine and Mammoth Tailings Site Reclamation Project | 300,000 | 300,000 | 300,000 |
| 2 | Department of Environmental Quality Gregory Mine Reclamation Project | 300,000 | 300,000 | 600,000 |
| 3 | Department of Environmental Quality Broadway / Victoria Mine Reclamation Project | 300,000 | 300,000 | 900,000 |
| 4 | Department of Environmental Quality Zortman and Landusky Mines - Organic Soil Amendments | 300,000 | 300,000 | 1,200,000 |
| 5 | Department of Environmental Quality Zortman and Landusky Mine Highwall Reduction Program | 300,000 | 300,000 | 1,500,000 |
| 6 | Department of Environmental Quality Coal-Bed Methane EIS | 300,000 | 300,000 | 1,800,000 |
| 7 | Glacier County 2000 Glacier County Plugging and Abandonment | 300,000 | 100,000 | 100,000 |
| 8 | Pondera County Pondera County Oil & Gas Well Plug and Abandon Project | 300,000 | 50,000 | 150,000 |
| 9 | Liberty, Hill, Blaine, and Chouteau Counties Abandonment Aid Program for Small Independent Operators | 100,000 | 50,000 | 200,000 |
| Total Recommended | | | | \$5,982,297 |

RENEWABLE RESOURCE GRANT & LOAN PROGRAM

Purpose - The Renewable Resource Grant and Loan Program offers funding for projects that conserve, manage, develop, and preserve renewable resources to provide economic and other benefits of the state's natural heritage. The Department of Natural Resources and Conservation (DNRC) administers the program, which is provided for in Title 85, Chapter 1, part 6, MCA. Governmental entities may apply to the program to obtain funding for community resource-related projects. Project eligibility covers a wide spectrum including irrigation system rehabilitation, stream restoration, watershed management, public water and sewer systems, and resource assessment projects.

Executive Recommendation -

- **Volume 5 of the Governor's 2001 biennium Executive Budget** contains the complete project evaluations and funding recommendations for all grant and loan applications. Table F-5 shows the recommended projects.
- **HB 6** presents the renewable resource grants recommendations for legislative action.
- Grant funding is limited to \$3.7million and would provide funding for the first 38 of the 71 applications.
- Funding is recommended in the bill for 61 projects, in order of priority, for a total of \$5.9 million, in keeping with the DNRC policy of including all projects that meet minimum technical and financial feasibility requirements.
- The highest priority grant will rehabilitate a state owned, high-hazard dam on the North Fork of the Musselshell River in central Montana.
- Other projects include Nevada Creek and other dam rehabilitation, nutrient reduction on Flathead Lake, Virginia City wastewater, irrigation rehabilitation projects, and numerous proposals for municipal water and sewer systems.
- **HB 6** recommends provision of \$125,000 in emergency grants to communities for projects that present immediate threats to public health.
- Grant funding for project planning grants is limited to \$300,000.
- Grant funding for private grants is limited to \$100,000.
- **HB 8** presents the renewable resource bonds and loans recommendations from applications that total \$3 million in new requests.

Since the Last Session -

- As of August 2000, DNRC entered into grant agreements with 31 of the 39 grantees that received appropriations for a total of \$2,708,956.
- Five grants were awarded for emergency repairs to municipal water systems or exploration for water for municipal water systems and for fire related rehabilitation in the Bitterroot Valley.
- Forty-three project planning grants were issued.
- Eleven private grants were issued for a total of \$31,708.

RENEWABLE RESOURCE GRANT & LOAN PROGRAM

Table F-5
2003 Biennium Renewable Resource Grant and Loan Program

| SPONSOR PROJECT | | REQUEST | RECOMMEND | Cumulative Total |
|-----------------|---|-----------|-----------|---------------------|
| 1 | Mt Dept. of Natural Resources and Conservation Bair Dam Rehabilitation Proposal | 100,000 | 100,000 | 100,000 |
| 2 | Mt Dept. of Natural Resources and Conservation Nevada Creek Dam Rehabilitation | 100,000 | 100,000 | 200,000 |
| 3 | Mt Dept. of Corrections Correctional Enterprises Ranch Rehabilitation of Prison Ranch Dams | 100,000 | 100,000 | 300,000 |
| 4 | Canyon Creek Irrigation District Wyant Lake Dam Rehabilitation | 100,000 | 100,000 | 400,000 |
| 5 | Canyon Creek Irrigation District Canyon Lake Dam Rehabilitation | 100,000 | 100,000 | 500,000 |
| 6 | Alder Water and Sewer District Wastewater Collection and Treatment System | 100,000 | 100,000 | 600,000 |
| 7 | Flathead Basin Commission Implementation of the Flathead Basin Voluntary Nutrient Reduction | 99,697 | 99,697 | 699,697 |
| 8 | Cascade County Conservation District Sun River Valley Ditch Company Water Conservation and Quality Improvement | 99,230 | 99,230 | 798,927 |
| 9 | Virginia City, Town of Wastewater Treatment System | 100,000 | 100,000 | 898,927 |
| 10 | Whitefish County Water and Sewer District Revisit to the Limnology of Whitefish Lake | 100,000 | 100,000 | 998,927 |
| 11 | Florence County Water and Sewer District Wastewater System Improvements | 100,000 | 100,000 | 1,098,927 |
| 12 | Bitterroot Irrigation District BRID-Water Use and Water Quality Improvement Project - Phase II | 100,000 | 100,000 | 1,198,927 |
| 13 | Manhattan, Town of Wastewater Systems Improvements | 100,000 | 100,000 | 1,298,927 |
| 14 | Glen Lake Irrigation District Therriault Creek Point of Diversion Infrastructure and Fish Habitat Improvement | 94,500 | 94,500 | 1,393,427 |
| 15 | Whitefish, City of Wastewater Aeration System Improvements and Lagoon Solids Removal Project | 100,000 | 100,000 | 1,493,427 |
| 16 | Ruby Valley Conservation District Lower Ruby Valley Groundwater Management Plan | 98,352 | 98,352 | 1,591,779 |
| 17 | Charlo Sewer District Wastewater System Improvements | 100,000 | 100,000 | 1,691,779 |
| 18 | Whitewater Water and Sewer District Wastewater Systems Improvements | 100,000 | 100,000 | 1,791,779 |
| 19 | Glasgow Irrigation District Vandalia Diversion Dam Rehabilitation Phase II North Bridge Pier | 100,000 | 100,000 | 1,891,779 |
| 20 | Geraldine, Town of Water System Improvements Phase I | \$100,000 | 100,000 | 1,991,779 |

RENEWABLE RESOURCE GRANT & LOAN PROGRAM

Table F-5
2003 Biennium Renewable Resource Grant and Loan Program

| SPONSOR PROJECT | | REQUEST | RECOMMEND | Cumulative Total |
|-----------------|---|---------|-----------|---------------------|
| 21 | Ashland Water and Sewer District Wastewater Systems Improvements | 100,000 | 100,000 | 2,091,779 |
| 22 | Milk River Project Joint Board of Control Saint Mary River Siphon Repair Phase II | 100,000 | 100,000 | 2,191,779 |
| 23 | Stanford, Town of Wastewater System Improvements | 100,000 | 100,000 | 2,291,779 |
| 24 | LaCasa Grande Water and Sewer District Water Supply and Distribution System | 100,000 | 100,000 | 2,391,779 |
| 25 | Clyde Park, Town of Water Systems Improvements Project | 100,000 | 100,000 | 2,491,779 |
| 26 | Nashua, Town of Wastewater System Improvements | 100,000 | 100,000 | 2,591,779 |
| 27 | Park City/County Water and Sewer District Wastewater System Improvements . | 100,000 | 100,000 | 2,691,779 |
| 28 | Lower Willow Creek Drainage District Lower Willow Creek Dam Rehabilitation | 100,000 | 100,000 | 2,791,779 |
| 29 | Deer Lodge, City of Clark Fork River Water Quality Protection Project | 100,000 | 100,000 | 2,891,779 |
| 30 | Lewis & Clark Conservation District Willow Creek Erosion / Water Quality Improvement Project | 98,636 | 98,636 | 2,990,415 |
| 31 | Hot Springs, Town of Water System Improvements | 100,000 | 100,000 | 3,090,415 |
| 32 | Wisdom Sewer District Wastewater System Improvements | 100,000 | 100,000 | 3,190,415 |
| 33 | Teton County Burton Bench Aquifer Evaluation | 99,014 | 99,014 | 3,289,429 |
| 34 | Elk Meadows Ranchettes County Water District Water Systems Improvements | 100,000 | 100,000 | 3,389,429 |
| 35 | Carbon Conservation District Whitehorse Ditch Reorganization | 97,200 | 57,200 | 3,486,629 |
| 36 | Choteau, City of Water System Improvements | 100,000 | 100,000 | 3,586,629 |
| 37 | Beaverhead County Big Hole Watershed Management Project | 100,000 | 100,000 | 3,686,629 |
| 38 | Hobson, Town of Water Exploration | 70,000 | 40,000 | 3,756,629 |

CULTURAL AND AESTHETIC GRANT PROGRAM

Purpose - The Cultural and Aesthetic Grant Program began in the 1979 biennium "for protection of works of art in the state capitol and for other cultural and aesthetic projects" as provided in 15-35-108, and Title 22, Chapter 2, part 3, MCA. Initially administered by the Montana Historical Society, the C&A program was transferred to the Montana Arts Council in the 1985 biennium, and continued to be funded by the interest from a statutory trust which receives coal severance tax revenues. Project applications are submitted to the MAC for review and ranking by the 16-member Cultural and Aesthetic Projects Advisory Committee, half of whom are appointed by the MAC and half by the MHS.

Coal severance tax revenue of 0.63 percent is statutorily allocated to the capitol art protection trust fund for partial funding of the recommended grants.

Executive Recommendation -

- **HB 9** contains all the projects recommended by the advisory committee for funding in the amount of \$944,755. Projects are organized into four categories: special projects less than \$4,500, special projects, operational support, and capital expenditure grants.
- The revenue estimate for cultural trust interest earnings for the 2003 biennium is \$638,000.
- Montana Arts Council administration [appropriated in HB 2] is recommended for \$278,245.
- Montana Historical Society is appropriated in HB 9 the first \$15,000 for Capitol Complex works of art.
- The remaining balance of \$344,755 will be used for C&A projects in HB 9.
- There also is \$600,000 of general fund in HB 9 to continue support of the C&A projects. Table F-6 shows all of the requested and recommended grants.
- Language in HB 9 provides a mechanism for spending the funds within the total revenue available.
- **Volume 6 of the Governor's 2003 biennium Executive Budget** contains the C&A project applications and advisory committee assessment information. Limited copies of this volume are printed for use by members of the Long-Range Planning Appropriations Subcommittee.

CULTURAL AND AESTHETIC GRANT PROGRAM

Table F-6
CULTURAL TRUST APPLICATIONS & RECOMMENDATIONS
2003 BIENNIUM

| Grant No. | Organization | Request | Rank | Recommend |
|-------------------------------------|---|----------|------|-----------|
| SPECIAL PROJECTS < \$4500 | | | | |
| 908 | Montana Storytelling Roundup | \$ 4,500 | 1 | \$ 4,500 |
| 902 | Council for the Arts, Lincoln | 2,500 | 2 | 2,500 |
| 905 | Miles City Preservation Commission | 4,326 | 3 | 4,000 |
| 901 | Chief Plenty Coups State Park | 4,000 | 4 | 4,000 |
| 907 | Montana Oral History Association | 4,350 | 5 | 4,000 |
| 900 | All Nations Pishkun Association | 4,500 | 6 | 3,000 |
| 909 | Swan Ecosystem Center | 4,500 | 7 | 2,800 |
| 904 | Garden City Ballet of Montana | 4,400 | 8 | - |
| 903 | Fort Wm H Harrison Museum Fdn | 4,450 | 9 | - |
| SPECIAL PROJECTS | | | | |
| 927 | Montana Committee for the Humanities | 87,500 | 1 | 32,000 |
| 934 | V I A S, Inc | 29,200 | 2 | 22,000 |
| 913 | Glacier Orchestra & Chorale | 28,000 | 3 | 22,000 |
| 919 | M C T, Missoula Children's Theatre | 80,000 | 4 | 10,000 |
| 917 | KUFM-TV | 72,929 | 5 | 22,000 |
| 911 | Bozeman Symphony | 14,000 | 6 | 10,000 |
| 915 | Hockaday Museum of Art | 30,000 | 7 | 15,000 |
| 922 | Miles Community College | 6,992 | 8 | 6,000 |
| 936 | Valley County Coalition | 22,898 | 9 | 12,000 |
| 930 | Montana Repertory Theatre | 60,000 | 10 | 20,000 |
| 924 | Missoula Symphony Association | 11,000 | 11 | 5,000 |
| 926 | Montana Arts | 80,500 | 12 | 20,000 |
| 928 | Montana Historical Society | 35,835 | 13 | 20,000 |
| 929 | Montana Performing Arts Consortium | 64,360 | 14 | 20,000 |
| 932 | Rocky Mountain Ballet Theater | 10,100 | 15 | 7,000 |
| 918 | Lewistown Art Center | 12,000 | 16 | 8,000 |
| 931 | Museum of the Rockies | 26,089 | 17 | 10,000 |
| 933 | Southwest Montana Arts Council | 16,940 | 18 | 10,000 |
| 925 | Montana Alliance for Arts Ed | 20,900 | 19 | 10,000 |
| 935 | V S A of Montana | 10,520 | 20 | 7,000 |
| 906 | Montana Five Rivers Festival of Film | 9,000 | 21 | 4,000 |
| 920 | Madison Valley Cultural Corp | 9,200 | 22 | 4,000 |
| 910 | Artslink, College of Arts & Architecture, MSU | 20,000 | 23 | 5,000 |
| 912 | Dept of Music, MSU | 15,300 | 24 | 5,000 |
| 914 | Helena Art Center | 35,413 | 25 | - |
| 916 | JOSH Productions | 35,000 | 26 | - |
| 923 | Mineral Museum | 28,602 | 27 | - |

CULTURAL AND AESTHETIC GRANT PROGRAM

Table F-6
CULTURAL TRUST APPLICATIONS & RECOMMENDATIONS
2003 BIENNIUM

| Grant No. | Organization | Request | Rank | Recommend |
|----------------------------|---|---------|------|-----------|
| OPERATIONAL SUPPORT | | | | |
| 964 | Western Heritage Center | 40,000 | 1 | 22,000 |
| 954 | Montana Art Gallery Dir Assoc | 35,000 | 2 | 25,000 |
| 966 | Writer's Voice (Billings YMCA) | 32,000 | 3 | 25,000 |
| 946 | Custer County Art Center | 32,770 | 4 | 22,000 |
| 945 | Carbon County Historical Society | 16,000 | 5 | 16,000 |
| 939 | Art Museum of Missoula | 40,000 | 6 | 20,000 |
| 961 | Shakespeare in the Parks | 35,000 | 7 | 18,000 |
| 942 | Billings Symphony Society | 48,000 | 8 | 20,000 |
| 937 | Alberta Bair Theater | 40,000 | 9 | 18,000 |
| 958 | Montana Dance Arts Association | 5,500 | 10 | 5,000 |
| 948 | Great Falls Symphony Assoc | 24,000 | 11 | 12,000 |
| 943 | Butte Center for the Performing Arts | 30,000 | 12 | 20,000 |
| 947 | Fort Peck Community College | 30,000 | 13 | 15,000 |
| 960 | Schoolhouse History and Art Center | 25,000 | 14 | 20,000 |
| 969 | Young Audiences of Western Montana | 11,321 | 15 | 10,000 |
| 951 | Holter Museum of Art | 60,000 | 16 | 20,000 |
| 953 | Montana Agricultural Center & Museum | 24,000 | 17 | 12,000 |
| 938 | Archie Bray Foundation | 30,000 | 18 | 15,000 |
| 944 | Butte Symphony Association | 40,000 | 19 | 15,000 |
| 949 | Growth Thru Art Inc | 20,000 | 20 | 12,000 |
| 963 | Vigilante Theatre Company | 40,000 | 21 | 18,000 |
| 950 | Helena Symphony Society | 40,000 | 22 | 12,000 |
| 941 | Big Horn Arts & Crafts Assoc/ Jailhouse Gallery | 20,000 | 23 | 10,000 |
| 956 | Montana Association of Symphony Orchestras | 47,430 | 24 | 15,000 |
| 959 | Montana Transport Company | 30,000 | 25 | 12,000 |
| 967 | Yellowstone Art Museum | 32,000 | 26 | 20,000 |
| 965 | Whitefish Theatre Company | 24,000 | 27 | 10,000 |
| 957 | Montana Ballet Company | 21,400 | 28 | 10,000 |
| 952 | Livingston Depot Foundation | 24,000 | 29 | 10,000 |
| 968 | Yellowstone Ballet Company | 20,950 | 30 | 6,000 |
| 940 | Artist Group, The | 21,000 | 31 | 1,600 |
| 955 | Montana Asian-American Center | 97,152 | 32 | - |
| 962 | Storykeepers | 22,778 | 33 | - |

CULTURAL AND AESTHETIC GRANT PROGRAM

| Table F-6 | | | | |
|---|--|---------------------|------|------------------|
| CULTURAL TRUST APPLICATIONS & RECOMMENDATIONS | | | | |
| 2003 BIENNIUM | | | | |
| Grant No. | Organization | Request | Rank | Recommend |
| CAPITAL EXPENDITURES | | | | |
| 975 | Cascade Co Historical Society | 40,000 | 1 | 20,000 |
| 972 | Billings Preservation Society | 50,000 | 2 | 20,000 |
| 974 | Butte-Silver Bow Public Archives | 48,993 | 3 | 20,000 |
| 971 | Belt Public Library | 16,500 | 4 | 12,500 |
| 970 | Arlee Historical Society | 1,655 | 5 | 1,655 |
| 977 | Fort Peck Fine Arts Council | 21,789 | 6 | 16,000 |
| 976 | Daly Mansion | 75,000 | 7 | 20,000 |
| 981 | Paris Gibson Square | 13,213 | 8 | 5,000 |
| 980 | Liberty Village Arts Center | 2,775 | 9 | 1,400 |
| 983 | Tobacco Valley Improvement Assoc. Board of Art | 52,000 | 10 | 18,000 |
| 973 | Bitterroot Community Band | 12,000 | 11 | 6,000 |
| 979 | Great Falls Civic Center | 57,905 | 12 | 6,800 |
| 978 | Friends of Makoshika | 5,000 | 13 | - |
| 982 | Performing Arts Center, Bozeman | 20,000 | 14 | - |
| CHALLENGE GRANTS | | | | |
| 984 | Billings Symphony Society | 50,000 | | - |
| 985 | Bozeman Symphony | 25,000 | | - |
| TOTAL REQUESTED/RECOMMENDED | | \$ 2,460,935 | | \$944,755 |

OIL OVERCHARGE PROGRAM

Purpose - Oil overcharge funds are allocated to the states by the U.S. Department of Energy or the courts as a result of litigation against oil companies for overcharging for their products. The funds are awarded as restitution. States must use the funds to assist those who were harmed.

The DOE requires that states present a single plan for all oil overcharge monies. Proposals submitted by agencies and organizations were reviewed and ranked by a five-member task force. Funds available for the 2003 biennium, which are covered by the "Stripper Well settlement guidelines," may not be used to replace state funds and may only be used for the following programs:

1. Low-income home energy assistance,
2. Low-income weatherization,
3. Institutional weatherization,
4. Energy extension service,
5. State energy conservation,
6. Highway and bridge maintenance and repair,
7. Ridesharing,
8. Public transportation,
9. Residential or commercial building energy audits,
10. Grant or loan programs for weatherization or other energy conservation equipment installation,
11. Energy assistance,
12. Airport maintenance or improvement,
13. Reduction in airport user fees.

Executive Recommendation -

- **HB 10** contains the recommendations shown in Table F-7 below.
- It is estimated there will be about \$563,000 plus carryover funds available for consideration.
- After passage and approval of the oil overcharge projects in HB 10, the Department of Environmental Quality Planning, Prevention & Assistance Division will make formal application to the DOE and serve as the lead state agency.

| Table F-7 2003 Biennium Oil Overcharge Recommendations | | | |
|---|--------|---|-------------------|
| Rank | Agency | Project | Amount |
| 1 | DPHHS | Food bank network transportation | \$ 15,000 |
| 2 | DEQ | Ethanol cooperative | 3,000 |
| 3 | DPHHS | Transportation for seniors to nutrition sites | 11,000 |
| 4 | DEQ | Promotion of soil moisture monitors | 5,000 |
| 5 | DPHHS | Low-income home weatherization | 229,000 |
| 6 | DPHHS | Weatherization/Energy Share, Inc. Grant | 300,000 |
| Total Projects | | | \$ 563,000 |
| Carryover reappropriations | | | 90,000 |
| Total | | | \$ 653,000 |

- Calculations for funds available are shown in Table F-8.

OIL OVERCHARGE PROGRAM

Table F-8

AVAILABLE FUNDS CALCULATIONS FOR THE 2003 BIENNIUM

Funds Managed by D of A

| | Cash | Projected Interest Earnings | Total |
|-----------------------------------|---------|-----------------------------------|---------|
| FYE 2000 Balances | | | |
| Exxon | 166,755 | 5,649 | 172,404 |
| Stripper | 460,281 | 45,500 | 505,781 |
| Projected Revenue: | | | |
| City Services Final Distributions | | | 202,482 |

| | |
|---|-------------------|
| Revenues | 880,667 |
| FY 2001 Expenses | 649,938 |
| Projected Balance Avail. for 2003 Biennium | \$ 230,729 |

FY 2000 Expenditures from Fund 03199

| Section | Program | Approp. HB10 | Expend. FY 00 | Balance FY 01 |
|---------|---|---------------------|-------------------|-------------------|
| 4 | Low-income Energy Assistance | 300,000 | 139,062 | 160,938 |
| 5 | Low-income Weatherization | 500,000 | 250,254 | 249,746 |
| 6 | Affordable, Efficient Housing Plan Book | 40,000 | 0 | 40,000 |
| 7 | Food Bank Network Transportation | 15,000 | 7,500 | 7,500 |
| 8 | Transportation to Nutrition Sites | 11,000 | 0 | 11,000 |
| 9 | Low-income Weatherization | 200,000 | 99,246 | 100,754 |
| 10 | Montana Public & Private Consortium | 50,000 | 0 | 50,000 |
| 11 | Refueling Infrastructure | 40,000 | 10,000 | 30,000 |
| Total | | \$ 1,156,000 | \$ 506,062 | \$ 649,938 |

- Oil overcharge funds are managed by the Department of Administration.

STATE BUILDINGS ENERGY CONSERVATION PROGRAM

Purpose - The State Buildings Energy Conservation Program, operated by the Department of Environmental Quality (DEQ), was established by the 1989 Legislature to reduce operating costs in state facilities by identifying and funding cost-effective energy efficiency improvements. The program operates as a profit center for state government, saving money in agency operating budgets and making money for the Long-Range Building Program through investment in these improvements. Statutory authority is Title 90, Chapter 4, part 6, MCA.

Background -

- The state sells general obligation (G.O.) bonds, uses the bond proceeds to pay for energy efficiency improvements, then uses the resulting energy cost savings to pay the debt service on the bonds.
- Projects are designed so the cost savings exceed the bond debt service.
- There is incremental savings in the short term while the bonds are being repaid, and substantial savings after ten years, when the bonds are retired.
- Energy efficiency improvements include replacing old, inefficient boilers, upgrading inefficient lighting, increasing ventilation system efficiency, insulating buildings, and providing more effective temperature controls.
- DEQ contracts with private engineering firms to perform comprehensive energy analyses on state buildings and building complexes, and to recommend the energy improvements.
- After energy improvements are in place, the DEQ provides on-going training and technical assistance to facility staff to ensure that energy savings are maintained.
- Energy cost savings realized by participating agencies are transferred to a debt service account and used to retire the bonds.
- A portion of the proceeds from each bond issuance is set aside to fund analysis, design, and program administration for the next round of projects so the program is able to continue without additional federal or state funding.

Executive Recommendation -

- **HB 12** recommends issuing G.O. bonds not to exceed \$3 million for projects during the 2003 biennium.
- The following projects are either in design, construction, or development. Since all projects are coordinated with the architect & engineering division, many of the facilities listed also appear in the LRBP recommendations. The following projects are expected to be among the projects implemented under this program during the 2003 biennium:

Projects in design or construction

University of Montana
Heating Plant, Butte
Science Complex, Missoula
Montana State University
Renne Library, Bozeman
Cowan Hall, Havre
Department of Fish, Wildlife, and Parks
FWP Headquarters, Bozeman

Projects in Development

Department of Military Affairs
Operational Maintenance Shop, Helena
Department of Administration
Justice Building, Helena
Montana State University
College of Technology, Great Falls

Preliminary LRBP Projects

Montana State University
Liberal Arts Building, Billings
Department of Justice
Montana Law Enforcement Academy, Helena
Department of Public Health and Human Services
Montana Mental Health Nursing Care Center, Lewistown

INFORMATION TECHNOLOGY BOND PROPOSAL

Purpose – The state requires a vehicle to fund large information technology projects, other than through the normal appropriation bill. The 1997 Legislature passed HB 188, defining information technology as infrastructure and as an asset, allowing bonding for large information technology projects. HB 188 authorized \$43 million in bonding for information technology projects. The 1999 Legislature authorized \$18.8 million for two projects 1) Department of Revenue for \$18 million for the META project, 2) the Montana University System for \$800,000 for the banner project. All bonds must be issued in accordance with Title 17, Chapter 5, part 8, MCA.

Executive Recommendation –

- **HB 15** recommends \$800,000 in G.O. bonding for the Department of Justice to purchase 592 automated accounting and reporting system data collection units to continue the 1999 Legislature's directive for enhanced reporting from gambling establishments. Debt service payments will be made from the gambling state special revenue fund.
- **HB 15** recommends \$2.5 million of G.O. bonding for PBS digital conversion. The proceeds must be used to meet FCC mandated requirements. Bond proceeds, along with private contributions, may be used to match the national telecommunications information administration grant for digital conversion. The general fund balance sheet in the Governor's Executive Budget includes \$642,814 for debt service on the project for the 2003 biennium.

COAL TAX TRUST FUND LOAN-CULTURAL HERITAGE INITIATIVE

Purpose – Montanans have great pride in their history. To preserve Montana history, and promote economic development through heritage tourism, the Executive Budget proposes a loan from the coal tax trust for funding history preservation and preparing for the upcoming Lewis & Clark Bicentennial. Up to nine million visitors per year could visit the state during the bicentennial period. Grants will be made available to Montana communities to prepare for the bicentennial.

Executive Recommendation –

- **HB 16** will provide up to \$40 million for preservation of Montana history.
- Community grants will be funded with \$6.75 million and will require one-third hard or soft match for the Lewis & Clark bicentennial.
- Heritage Grant Program for preserving local history is funded at \$2 million and requires matching funds to the amount of the grant.
- Fish, Wildlife and Parks has 21 parks designated as having historical and cultural resources, requiring \$6.5 million to preserve, protect, and provide availability for public use.
- Virginia City and Nevada City would be funded with \$19 million over ten years to enhance restoration and develop an infrastructure to support and improve tourism.
- Daly Mansion requires \$4 million over several years for structural repair.
- Moss Mansion and Original Governor's Mansion will receive support maintenance.
- **HB 5** includes \$1 million for the study/design of a new Montana Historical Museum that would be funded from **HB 16**.
- Of the \$40 million, there is \$22.331 million projected to be spent in the 2003 biennium. The general fund balance sheet includes a net general fund interest loss of \$583,463 in FY 2002 and \$935,829 in FY 2003. for these projects.





UNIFIED INFORMATION TECHNOLOGY SUMMARY

Statewide Overview
FY 2000 Actual Expenditures
Unified IT Budget Summary

Agency IT Summaries
IT Expenditure Accounts
ISD Rates and Schedules



Information Technology Recommendations

Introduction

Information technology budget recommendations are extracted from the total budget and presented separately in this Section I. This portion of the executive budget is based on the requirements of HB 2, Section 9, adopted by the 56th Legislative Assembly, and the deliberations of the interim information technology management study committee of the Legislative Finance Committee provided for in HB 2 Section 12. Of particular note:

- The total budget for each agency, including all IT costs, is presented in Sections A through E. The IT expenditures cited in this section are for information purposes.
- The Governor's Office of Budget and Program Planning (OBPP) and the Department of Administration Information Services Division (ISD) cooperated in development of the IT unified budget summary and the 2003 biennium *State's IT Plan*, which was distributed to legislators with the Governor's Executive Budget for the biennium.
- For purposes of this summary, IT is broadly defined to include 56 expenditure accounts and all IT job codes, including, for example, consulting contracts, moving a telephone for a new employee, and lease payments on hardware.[See Table I-9 and Table I-10, respectively]

Statewide IT Overview and Significant Recommendations

The State of Montana uses a wide variety of computing and telecommunications resources in support of agency programs. Virtually every agency program uses some form of automation, with over 600 application systems in operation. The following descriptions highlight some of the major information technology infrastructure already operating or under development.

Statewide:

State & Universities of Montana Multi-Protocol Network (SUMMITNET). SUMMITNET is the statewide data network for use by the state, the university campuses, and local community agencies. It extends to all 56 county seats and over 130 cities throughout Montana. SUMMITNET II, an upgrade to the network will enable the state to consolidate all voice, video and data traffic onto a single network. Through a multi-vendor contract with the private sector, high-speed digital switches will be placed in 11 Montana communities. Ultimately this single network will serve the needs of over 22,000 phones, approximately 9,900 terminals, primarily PCs, and 17 interactive video systems. The financing for this massive network system is obtained by charging agencies a monthly hook-up rate for their network PCs.

Computing Infrastructure. The state meets its needs for computer processing using a multi-level strategy consisting primarily of a mainframe, mid-tier, and personal computers:

- **Mainframe.** The Department of Administration (DofA) operates the state single "mainframe" computer in support of all agency needs. This very large computer (IBM 9672-R26) has processing capabilities of 217 million instructions per second (mips) and hosts a wide variety of agency application systems. Furthermore, this computer has connections to other state and federal computers to transfer and store data. The mainframe is financed by charging agencies on a usage basis, whether it be computer seconds used, or amount of data stored or transmitted.
- **Mid-Tier.** The state has deployed approximately 110 mid-tier, or mini computers, in support of a large number of application systems and infrastructure roles (servers, etc.). The DofA operates a mid-tier computing center for agency use and several agencies operate their own systems in support of their agency processing needs. The function of mid-tier computers is financed by individual contracts between ISD and the respective agency.
- **Personal Computers (PCs).** The state has approximately 9,900 PCs throughout agency offices in support of employee "desktop" computing needs. These PCs are used primarily for "desktop productivity" tasks such as word processing, spreadsheets, and Internet access. They also serve as terminals to access the various applications systems employees require for their day-to-day job duties. Each agency purchases (or leases) its PCs and when hooked up to the network, a per PC rate is paid to ISD.

DiscoveringMontana.com. The state's main Website (www.state.mt.us) has undergone a total redesign, and is organized around topics familiar to Montana citizens and businesses rather than around state government organizational structure. In the very near future citizens and businesses will be able to satisfy a much broader range for requests for information and obtain a wide range of government services -- completely online. Examples are driver's license renewals, professional license renewals, vehicle registration renewals, driver's license record searches, lien filing searches, corporation registrations and more. All of these services will be provided as a joint effort across agencies to give Montana citizens and businesses a common "look and feel" -- with the ease of logging on once and doing business with

Montana citizens and businesses a common "look and feel" – with the ease of logging on once and doing business with multiple agencies. The goal of DiscoveringMontana.com is to give Montana citizens and businesses the best possible experience online and provide government services with the greatest possible level of convenience. The financing for this project is obtained by charging agencies a monthly hook-up rate for their network PCs.

Statewide Accounting, Budgeting and Human Resources System (SABHRS). SABHRS is the state enterprise-wide management information system. SABHRS consists of three integrated modules that provide a full range of accounting and financial management, human resource management and budget development functions. The accounting and human resource components of the system consists of the following modules - General Ledger, Accounts Receivable, Accounts Payable, Asset Management, Purchasing, Human Resources, Benefits Administration, Time and Labor, and Payroll. The budget development component is referred to as MBARS (Montana Budget, Analysis and Reporting System). The financing for this infrastructure (then called MT PRRIME) was obtained from the 1997 Legislature through HB 188 for \$19,800,000. The debt service for the bond repayment is allocated to agencies to be distributed to all funding sources. The operations of SABHRS is paid from allocations to agencies, based on FTE count.

GIS Cadastral Database. The state is nearing completion of a project to enter all 915,000 of the state land parcels into a GIS database. The project is managed by DofA, ISD, and is a joint effort of state, federal, local government, and private sector interests. The project will create a cadastral layer available for all but will be especially useful to the Department of Revenue property assessment program. The project has been funded since the 1999 biennium with a mixture of state, private, and federal dollars, with the majority of funding provided through an Assistance Agreement with the U.S.D.I Bureau of Land Management. Additional help has been provided through in-kind agreements with local governments and the Department of Revenue. No additional state funding is being sought for data collection in the 2003 biennium.

One-Stop Business Licensing. This system, sponsored by the Department of Revenue, created a centralized licensing program where businesses can obtain or renew most, if not all, of the licenses, fees and permits required by the state. The initial project focused on 13 licenses involving seven state agencies. Initial investment for this project was financed in the 1997 legislative session through HB 188 general obligation bonds. Now the operations are paid by a net charge against the license fees.

Agency Specific:

Department of Fish, Wildlife, and Parks: Automated Licensing Statewide (ALS). ALS system will place point-of-sale technology in all license agent locations throughout the state by March 2001. The new system will automate the licensing process, eliminating most of the manual handling of forms and speeding the receipt of money owed the department via electronic funds transfer (EFT). Starting in 1997, this project is financed through federal money and state special general license fees.

The Department of Health & Human Services: Human Services Systems. DPHHS operates several, large systems in support of its programs, all of which are financed by federal and state sharing the costs of operations:

- The Economic Assistance Management System (TEAMS). This system integrates the functions of AFDC, Food Stamps and Medicaid eligibility determination. It is used by caseworkers to calculate, issue, trace and reconcile welfare benefits. It has a number of interfaces to other systems, including the Social Security Administration and Montana Department of Labor to verify client incomes. It supports client certification, case management, financial accounting, and management reporting.
- Child and Adult Protective Services (CAPS). This system is the child welfare management information system supporting protective services, foster care and adoption, services to the aged, and juvenile correction. It automates the process of case management, provider licensing, financial accounting, payments for services, provider training, contract management, and management reporting.
- System for Enforcement & Recovery of Child Support (SEARCHS). The SEARCHS system supports child support enforcement program operations, including child support financial management, collections, absent parent location, paternity establishment, order modification, case management and general program management. It provides all reporting for state, local, and federal requirements.
- Medicaid & Management Information System (MMIS). MMIS is the system that processes all Medicaid claims in Montana. It accumulates all data necessary for management analysis and reporting and makes the payments to the Medicaid providers.

Department of Labor and Industry: Montana Integrated System to Improve Customer Service (MISTICS). This system handles every aspect of unemployment filing – from claim input to producing benefit checks for the unemployed. This

IT BUDGET SUMMARY I-2

project was financed by bond proceeds from HB 188 in the 1997 legislative session. Federal grant monies make the debt payments and support the project.

Department of Revenue: There are two major systems of note.

- Process Oriented Integrated System (POINTS). The POINTS system will eventually support all taxes administered by the DOR. Phase I of the project built the infrastructure (accounting, correspondence, billing and auditing) to support all taxes and was enabled by the bond proceeds from HB 188 of the 1997 Legislature. Currently, the wage-based taxes are processed using POINTS. POINTS II, the second phase of this project, consolidates processing for over 15 taxes (e.g. property, corporate and individual income taxes) into a single system and should be implemented by the fall of 2001. Phase II has been implemented from general obligation \$18 million bond proceeds (HB 15 of the 1999 Legislature).
- Simplified Tax & Wage Reporting System (STAWRS). This system, in its early stages of full deployment, simplifies the joint federal and state reporting of withholding and unemployment insurance (wage based) taxes for employers. The system includes a number of modern features, including electronic fax scanning and Electronic Data Interchange (EDI) technology used to pass federal data to the IRS without any intermediary involvement. Montana was the pilot project for the nation and is currently the only state authorized to make this filing available to employers. The agency intends to extend this offering to all employers in Montana, and is doing so in phases. This is financed from current level agency funds. The IRS contributed \$400,000 to implementation and participates on an on-going basis in sharing education and postage costs.

Department of Transportation: State Truck Activity Reporting System (STARS). This system, to be completed in the upcoming biennium, uses 21 permanent, automated, commercial vehicle data collection sites. These sites will collect new and more accurate information about the size, weight and type of trucks operating on the Montana highway system, enabling for better highway design at reduced costs. This project is financed by state and federal gas tax.

Montana University System – Banner. All campuses of MSU and UM utilize the SCT Banner 2000 management information system to process and record transactions for all student registration, student advising, student financial aid, financial services, business services, budget services, and human resources functions. Financial data from the MUS Banner 2000 system is input into the state PeopleSoft system. In addition, Banner 2000 will be the foundation for the Board of Regents new MUS Data Warehouse. Through these systems, each university provides a set of central services for its several campuses, under a common set of policies, procedures, processing guidelines, and data definitions. Funding for this system is a combination of G.O. bonds (HB 188 approved by the 1997 Legislature) and revenue bonds (approved by the Board of Regents). The debt service is paid with tuition, fees, some indirect costs, and some general fund.

There are many information technology projects in progress or planned for future implementation in the State of Montana. These initiatives cover a wide range of topics from electronic government to specific technology initiatives within the state, such as imaging and desktop software. Throughout the following pages, current information technology projects are summarized briefly. While the ISD of the DoFA is responsible for coordinating most of the topics in this section, some of the projects are being coordinated by other agencies.

Statewide Expenditure and Budget Summaries

Table I-1 below shows actual IT expenditures in the base year and a statewide summary of funding for those expenditures. Section 1 presents HB 2 information, Section 2 contains non-HB 2, Section 3 is non-budgeted and Sections 4 and 5 are Montana State System information. IT expenditures for the 56 accounts are in column 2 and operating expenditures for personal services, operating costs and equipment are presented in column 3, with column 4 showing the percent IT was of the operating expenditures. Column 5 contains the total agency expenditures, with column 6 showing the percent IT was of the total.

Table I-1
FY 2000 Actual Expenditures By Agency By Source Of Authority

| Agency | IT Expenditures | Operating Expenditures | IT % of Operating | Total Expenditures | IT % of Total |
|---|-------------------|------------------------|-------------------|----------------------|---------------|
| Section 1 - HB 2 Appropriations | | | | | |
| 1104 Legislative Branch | 1,809,656 | 8,877,181 | 20.39% | 8,877,181 | 20.39% |
| 1112 Consumer Counsel | 23,760 | 867,516 | 2.74% | 867,516 | 2.74% |
| 2110 Judiciary | 381,871 | 9,459,541 | 4.04% | 9,893,912 | 3.86% |
| 2115 Chiropractic Legal Panel | 79 | 10,537 | 0.75% | 10,537 | 0.75% |
| 3101 Governor's Office | 155,881 | 3,298,945 | 4.73% | 3,298,945 | 4.73% |
| 3202 Commissioner of Political Practice | 32,518 | 317,130 | 10.25% | 317,130 | 10.25% |
| 3401 State Auditor's Office | 327,272 | 3,212,961 | 10.19% | 3,212,961 | 10.19% |
| 3501 Office of Public Instruction | 1,136,092 | 9,839,390 | 11.55% | 548,544,898 | 0.21% |
| 4107 Crime Control Division | 207,869 | 1,277,451 | 16.27% | 10,755,569 | 1.93% |
| 4110 Department of Justice | 5,220,773 | 43,625,444 | 11.97% | 43,625,444 | 11.97% |
| 4201 Public Service Regulation | 191,212 | 2,316,185 | 8.26% | 2,316,185 | 8.26% |
| 5101 Board of Public Education | 12,835 | 305,030 | 4.21% | 305,030 | 4.21% |
| 5102 Commissioner of Higher Education | 201,931 | 6,764,886 | 2.98% | 172,841,602 | 0.12% |
| 5113 School for the Deaf & Blind | 80,115 | 3,587,895 | 2.23% | 3,587,895 | 2.23% |
| 5114 Montana Arts Council | 29,620 | 480,157 | 6.17% | 813,252 | 3.64% |
| 5115 Library Commission | 734,383 | 2,780,887 | 26.41% | 3,411,402 | 21.53% |
| 5117 Montana Historical Society | 159,190 | 3,125,673 | 5.09% | 3,251,995 | 4.90% |
| 5201 Dept. of Fish, Wildlife & Parks | 5,275,824 | 45,267,912 | 11.65% | 46,430,553 | 11.36% |
| 5301 Dept of Environmental Quality | 2,355,240 | 38,697,327 | 6.09% | 39,783,139 | 5.92% |
| 5401 Dept of Transportation | 10,115,813 | 194,849,901 | 5.19% | 424,088,222 | 2.39% |
| 5603 Dept of Livestock | 645,634 | 7,361,827 | 8.77% | 7,365,977 | 8.77% |
| 5706 Dept Nat Resource/Conservation | 2,267,393 | 32,773,307 | 6.92% | 34,505,096 | 6.57% |
| 5801 Dept of Revenue | 4,213,010 | 28,419,370 | 14.82% | 28,419,370 | 14.82% |
| 6101 Dept of Administration | 1,663,450 | 5,828,739 | 28.54% | 5,871,729 | 28.33% |
| 6102 Appellate Defender | 8,215 | 170,893 | 4.81% | 170,893 | 4.81% |
| 6201 Dept of Agriculture | 584,283 | 6,436,923 | 9.08% | 9,359,881 | 6.24% |
| 6401 Dept of Corrections | 3,029,942 | 84,129,434 | 3.60% | 92,989,615 | 3.26% |
| 6501 Dept of Commerce | 1,211,160 | 15,719,771 | 7.70% | 42,543,057 | 2.85% |
| 6602 Dept of Labor & Industry | 6,669,113 | 30,157,962 | 22.11% | 46,710,330 | 14.28% |
| 6701 Dept of Military Affairs | 1,018,565 | 11,352,987 | 8.97% | 11,738,973 | 8.68% |
| 6901 Dept of Public Health & Human Serv | 28,178,259 | 172,680,781 | 16.32% | 776,397,065 | 3.63% |
| Total HB 2 Appropriations | 77,940,958 | 773,993,943 | 10.07% | 2,382,305,354 | 3.27% |
| Section 1 Funding | | | | | |
| General Fund | 28,578,435 | 276,222,527 | 10.35% | 1,019,892,320 | 2.80% |
| State Special Revenue | 23,019,758 | 313,941,258 | 7.33% | 367,715,163 | 6.26% |
| Federal Special Revenue | 26,219,912 | 181,611,541 | 14.44% | 992,479,261 | 2.64% |
| Proprietary Funds | 122,853 | 2,218,617 | 5.54% | 2,218,610 | 5.54% |
| Total HB 2 Funding | 77,940,958 | 773,993,943 | 10.07% | 2,382,305,354 | 3.27% |

Table I-1
FY 2000 Actual Expenditures By Agency By Source Of Authority

| Agency | | IT Expenditures | Operating Expenditures | IT % of Operating | Total Expenditures | IT % of Total |
|--|------------------------------------|--------------------|---------------------------|----------------------|-----------------------|------------------|
| <u>Section 2 - Non-HB2 Appropriations</u> | | | | | | |
| 1104 | Legislative Branch | 8,130 | 1,158,542 | 0.70% | 1,158,542 | 0.70% |
| 2110 | Judiciary | 64,475 | 195,404 | 33.00% | 6,551,287 | 0.98% |
| 3101 | Governor's Office | 10,000 | 91,777 | 10.90% | 91,777 | 10.90% |
| 3201 | Secretary of State's Office | 848,489 | 3,008,035 | 28.21% | 3,008,035 | 28.21% |
| 3401 | State Auditor's Office | 0 | 0 | 0.00% | 18,850,011 | 0.00% |
| 3501 | Office of Public Instruction | 383,816 | 1,614,323 | 23.78% | 21,416,001 | 1.79% |
| 4107 | Crime Control Division | 1,489 | 54,677 | 2.72% | 202,455 | 0.74% |
| 4110 | Department of Justice | 257,806 | 4,445,882 | 5.80% | 34,094,163 | 0.76% |
| 4201 | Public Service Regulation | 0 | 10,993 | 0.00% | 10,993 | 0.00% |
| 5102 | Commissioner of Higher Education | 414,766 | 3,167,045 | 13.10% | 30,278,530 | 1.37% |
| 5113 | School for the Deaf & Blind | 209 | 179,307 | 0.12% | 183,079 | 0.11% |
| 5114 | Montana Arts Council | 0 | 23,472 | 0.00% | 491,878 | 0.00% |
| 5115 | Library Commission | 80,198 | 116,641 | 68.76% | 118,544 | 67.65% |
| 5117 | Montana Historical Society | 27,970 | 1,095,360 | 2.55% | 1,225,789 | 2.28% |
| 5201 | Dept. of Fish, Wildlife & Parks | 8,498 | 3,551,970 | 0.24% | 9,209,048 | 0.09% |
| 5301 | Dept of Environmental Quality | 863,504 | 4,515,455 | 19.12% | 9,875,971 | 8.74% |
| 5401 | Dept of Transportation | 333,085 | 34,526,530 | 0.96% | 51,618,120 | 0.65% |
| 5603 | Dept of Livestock | 13,505 | 363,258 | 3.72% | 371,477 | 3.64% |
| 5706 | Dept Nat Resource/Conservation | 31,283 | 3,920,989 | 0.80% | 7,470,203 | 0.42% |
| 5801 | Dept of Revenue | 11,011,318 | 50,095,120 | 21.98% | 140,331,349 | 7.85% |
| 6101 | Dept of Administration | 26,262,265 | 64,079,579 | 40.98% | 151,834,593 | 17.30% |
| 6102 | Appellate Defender | 0 | 5,605 | 0.00% | 5,605 | 0.00% |
| 6103 | State Compensation Ins. Fund | 1,588,613 | 21,543,536 | 7.37% | 92,264,887 | 1.72% |
| 6107 | Long Range Building Program | 0 | 28,875 | 0.00% | 47,118,292 | 0.00% |
| 6201 | Dept of Agriculture | 13,182 | 189,841 | 6.94% | 2,527,633 | 0.52% |
| 6401 | Dept of Corrections | 569,006 | 5,775,296 | 9.85% | 5,775,296 | 9.85% |
| 6501 | Dept of Commerce | 1,477,859 | 81,496,078 | 1.81% | 86,016,569 | 1.72% |
| 6602 | Dept of Labor & Industry | 2,690,020 | 8,194,064 | 32.83% | 9,548,766 | 28.17% |
| 6701 | Dept of Military Affairs | 31,641 | 563,064 | 5.62% | 7,358,438 | 0.43% |
| 6901 | Dept of Public Health & Human Serv | 628,730 | 3,574,475 | 17.59% | 11,537,485 | 5.45% |
| Total Non-HB 2 Appropriations | | 47,619,857 | 297,585,193 | 16.00% | 750,544,816 | 6.34% |
| <u>Section 2 Funding</u> | | | | | | |
| General Fund | | 337,747 | 6,040,137 | 5.59% | 83,029,149 | 0.41% |
| State Special Revenue | | 1,340,009 | 18,710,186 | 7.16% | 145,253,687 | 0.92% |
| Federal Special Revenue | | 2,592,818 | 12,283,555 | 21.11% | 30,667,340 | 8.45% |
| Capitol Project Funds | | 10,433,157 | 11,700,997 | 89.16% | 52,042,363 | 20.05% |
| Proprietary Funds | | 32,916,126 | 248,850,318 | 13.23% | 439,552,277 | 7.49% |
| Total Section 2 Funding | | 47,619,857 | 297,585,193 | 16.00% | 750,544,816 | 6.34% |

Table I-1
FY 2000 Actual Expenditures By Agency By Source Of Authority

| Agency | IT Expenditures | Operating Expenditures | IT % of Operating | Total Expenditures | IT % of Total |
|--|--------------------|---------------------------|----------------------|-----------------------|------------------|
| <u>Section 3 Non-Budgeted Activity -- State Funds</u> | | | | | |
| 3101 Governor's Office | 0 | 4,731 | 0.00% | 4,731 | 0.00% |
| 3201 Secretary of State's Office | 0 | -16,644 | 0.00% | -16,644 | 0.00% |
| 3401 State Auditor's Office | 23,227 | 35,520 | 65.39% | 2,331,778 | 1.00% |
| 3501 Office of Public Instruction | 0 | 39,963 | 0.00% | 39,963 | 0.00% |
| 4110 Department of Justice | 23,085 | 237,516 | 9.72% | 508,928 | 4.54% |
| 5101 Board of Public Education | 0 | -26 | 0.00% | -26 | 0.00% |
| 5102 Commissioner of Higher Education | 0 | 8,016 | 0.00% | -384,693 | 0.00% |
| 5113 School for the Deaf & Blind | 0 | 139,714 | 0.00% | 139,714 | 0.00% |
| 5114 Montana Arts Council | 0 | 0 | 0.00% | 312,440 | 0.00% |
| 5115 Library Commission | 0 | 122,981 | 0.00% | 122,981 | 0.00% |
| 5117 Montana Historical Society | 2,897 | 321,236 | 0.90% | 375,685 | 0.77% |
| 5201 Dept. of Fish, Wildlife & Parks | 11,428 | -319,296 | -3.58% | 2,128,416 | 0.54% |
| 5301 Dept of Environmental Quality | 13,686 | 6,607,781 | 0.21% | 21,363,450 | 0.06% |
| 5401 Dept of Transportation | 33 | 52,448,297 | 0.00% | 56,417,460 | 0.00% |
| 5603 Dept of Livestock | 0 | 0 | 0.00% | 18,984 | 0.00% |
| 5706 Dept Nat Resource/Conservation | 100 | 9,761,255 | 0.00% | 115,321,079 | 0.00% |
| 5801 Dept of Revenue | 0 | 523,769 | 0.00% | 64,516,687 | 0.00% |
| 6101 Dept of Administration | 0 | 17,074,278 | 0.00% | 26,434,719 | 0.00% |
| 6103 State Compensation Ins. Fund | 0 | 5,765,316 | 0.00% | 18,986,182 | 0.00% |
| 6104 Public Employee Retirement Sys | 246,363 | 3,109,425 | 7.92% | 150,706,562 | 0.16% |
| 6105 Teachers Retirement System | 234,956 | 1,276,918 | 18.40% | 115,256,291 | 0.20% |
| 6107 Long Range Building Program | 0 | 0 | 0.00% | 2,120,892 | 0.00% |
| 6201 Dept of Agriculture | 7,192 | 104,815 | 6.86% | 438,539 | 1.64% |
| 6401 Dept of Corrections | 319,690 | 319,690 | 100.00% | 420,076 | 76.10% |
| 6501 Dept of Commerce | 0 | 377,214 | 0.00% | 813,846,659 | 0.00% |
| 6602 Dept of Labor & Industry | 139,551 | 1,230,000 | 11.35% | 60,600,727 | 0.23% |
| 6901 Dept of Public Health & Human Serv | 2,709 | 3,816,780 | 0.07% | 99,295,958 | 0.00% |
| Section 3 Total Expenditures | 1,024,917 | 102,989,249 | 1.00% | 1,551,307,538 | 0.07% |
| <u>Section 3 Funding</u> | | | | | |
| General Fund | 319,690 | 314,762 | 101.57% | 2,677,016 | 11.94% |
| State Special Revenue | 212,154 | 9,234,434 | 2.30% | 65,566,445 | 0.32% |
| Federal Special Revenue | 0 | 0 | 0.00% | 100,107,488 | 0.00% |
| Debt Service Fund | 0 | 45,476,767 | 0.00% | 49,489,022 | 0.00% |
| Capitol Project Funds | 0 | 0 | 0.00% | 3,131,265 | 0.00% |
| Proprietary Funds | 0 | 42,508,309 | 0.00% | 69,426,127 | 0.00% |
| Agency Funds | 0 | 84,300 | 0.00% | 84,300 | 0.00% |
| Expendable Trust Funds | 15,298 | 2,096,484 | 0.73% | 877,479,413 | 0.00% |
| Non-Expendable Trust Funds | 477,775 | 3,274,193 | 14.59% | 383,346,462 | 0.12% |
| Totals - Section 3 Funding | 1,024,917 | 102,989,249 | 1.00% | 1,551,307,538 | 0.07% |

Table I-1
FY 2000 Actual Expenditures By Agency By Source Of Authority

| Agency | | IT Expenditures | Operating Expenditures | IT % of Operating | Total Expenditures | IT % of Total |
|--|-----------------------------------|--------------------|---------------------------|----------------------|-----------------------|------------------|
| <u>Section 4 -- University System General Operating Fund Expenditures</u> | | | | | | |
| 3513 | MSU College of Technology - GF | 165,244 | 4,170,149 | 3.96% | 4,170,149 | 3.96% |
| 3514 | Helena College of Technology - UM | 343,462 | 3,374,035 | 10.18% | 3,375,500 | 10.18% |
| 5103 | University of Montana | 4,876,480 | 79,662,706 | 6.12% | 80,028,976 | 6.09% |
| 5104 | Montana State University | 3,491,793 | 77,588,201 | 4.50% | 78,350,106 | 4.46% |
| 5105 | Montana Tech of the U of M | 604,659 | 14,402,405 | 4.20% | 14,402,405 | 4.20% |
| 5106 | Montana State Univer - Billings | 1,772,391 | 23,058,464 | 7.69% | 23,291,729 | 7.61% |
| 5107 | Northern Montana College | 214,146 | 10,203,521 | 2.10% | 10,313,882 | 2.08% |
| 5108 | Western Montana College | 405,929 | 6,679,745 | 6.08% | 6,707,243 | 6.05% |
| 5109 | Ag Experiment Station | 258,105 | 11,936,479 | 2.16% | 11,936,479 | 2.16% |
| 5110 | Extension Service | 133,600 | 6,217,689 | 2.15% | 6,217,689 | 2.15% |
| 5111 | Forestry & Cons. Exper Station | 59,306 | 862,542 | 6.88% | 862,542 | 6.88% |
| 5112 | Bureau of Mines | 0 | 2,353,153 | 0.00% | 2,353,153 | 0.00% |
| 5119 | Fire Services Training School | 13,404 | 363,091 | 3.69% | 363,091 | 3.69% |
| Section 4 Total Expenditures | | 12,338,519 | 240,872,180 | 5.12% | 242,372,944 | 5.09% |
| <u>Section 4 Funding</u> | | | | | | |
| Total Current Unrestricted Funding | | 12,338,519 | 240,872,180 | 5.12% | 242,372,944 | 5.09% |
| <u>Section 5 - University System Other Fund Expenditures</u> | | | | | | |
| 3513 | MSU College of Technology - GF | 127,892 | 2,280,451 | 5.61% | 2,352,322 | 5.44% |
| 3514 | Helena College of Technology - UM | 16,872 | 2,968,347 | 0.57% | 3,213,707 | 0.53% |
| 5103 | University of Montana | 7,112,514 | 169,493,683 | 4.20% | 184,335,641 | 3.86% |
| 5104 | Montana State University | 13,278,804 | 156,159,647 | 8.50% | 181,405,570 | 7.32% |
| 5105 | Montana Tech of the U of M | 2,696,609 | 21,084,586 | 12.79% | 22,200,060 | 12.15% |
| 5106 | Montana State Univer - Billings | 2,185,807 | 19,056,170 | 11.47% | 19,768,063 | 11.06% |
| 5107 | Northern Montana College | 576,916 | 8,540,520 | 6.76% | 9,209,324 | 6.26% |
| 5108 | Western Montana College | 442,829 | 14,091,162 | 3.14% | 22,130,986 | 2.00% |
| 5109 | Ag Experiment Station | 26,869 | 1,147,790 | 2.34% | 1,177,853 | 2.28% |
| 5110 | Extension Service | 60,240 | 1,213,350 | 4.96% | 1,213,350 | 4.96% |
| 5111 | Forestry & Cons. Exper Station | 0 | 0 | 0.00% | 445 | 0.00% |
| 5119 | Fire Services Training School | 3,843 | 85,730 | 4.48% | 85,730 | 4.48% |
| 6107 | Long Range Building Program | 0 | 0 | 0.00% | 6,929,375 | 0.00% |
| Section 5 Total Expenditures | | 26,529,195 | 396,121,436 | 6.70% | 454,022,426 | 5.84% |
| <u>Section 5 Funding</u> | | | | | | |
| Total Other Fund Funding | | 26,529,195 | 396,121,436 | 6.70% | 454,022,426 | 5.84% |

Table I-2 shows by agency and by program the FY 2000 actual IT expenditures (IT base budget) and the recommendations contained in the Governor's Executive Budget for present law adjustments (increases and decreases to the base) and for new proposals each year of the 2003 biennium. The table is organized into HB 2 budgeted items and proprietary non-appropriated items.

Table I-2
Unified IT Budget Summary

| | IT Base Budget Fiscal 2000 | IT Present Law Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total Executive IT Budget Fiscal 2002 | IT Present Law Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total Executive IT Budget Fiscal 2003 |
|---|----------------------------------|---|---------------------------------------|--|---|------------------------------------|--|
| <u>Section 1 - HB 2 Budgeted Agencies and Programs</u> | | | | | | | |
| 1104 LEGISLATIVE BRANCH | | | | | | | |
| LEGISLATIVE SERVICES | 1,747,968 | 372,060 | 50,000 | 2,170,028 | 455,735 | 547,739 | 2,751,442 |
| LEGIS. COMMITTEES & ACTIVITIES | 242 | -242 | 0 | 0 | -242 | 0 | 0 |
| FISCAL ANALYSIS & REVIEW | 20,440 | -753 | 0 | 19,687 | -753 | 0 | 19,687 |
| AUDIT & EXAMINATION | 38,886 | -10,611 | 0 | 28,275 | -10,611 | 0 | 28,275 |
| 1112 CONSUMER COUNSEL | | | | | | | |
| ADMINISTRATION PROGRAM | 23,760 | 2,531 | 0 | 26,291 | 1,625 | 0 | 25,385 |
| 2110 JUDICIARY | | | | | | | |
| SUPREME COURT OPERATIONS | 198,825 | 45,634 | 13,183 | 257,642 | -39,922 | 12,962 | 251,709 |
| BOARDS AND COMMISSIONS | 11,322 | 2,745 | 0 | 14,067 | 1,395 | 0 | 12,717 |
| LAW LIBRARY | 45,072 | 8,908 | 5,000 | 58,980 | -87 | 5,000 | 49,985 |
| DISTRICT COURT OPERATIONS | 107,743 | 0 | 0 | 107,743 | 0 | 0 | 107,743 |
| WATER COURTS SUPERVISION | 10,951 | -408 | 0 | 10,543 | -408 | 0 | 10,543 |
| CLERK OF COURT | 2,922 | 2,476 | 3,500 | 8,898 | -84 | 0 | 2,838 |
| 2115 CHIROPRACTIC LEGAL PANEL | | | | | | | |
| LEGAL PANEL OPERATIONS | 79 | 0 | 0 | 79 | 0 | 0 | 79 |
| 3101 GOVERNOR'S OFFICE | | | | | | | |
| EXECUTIVE OFFICE PROGRAM | 77,353 | -13,227 | 0 | 64,126 | -17,849 | 0 | 59,504 |
| MANSION MAINTENANCE PROGRAM | 525 | 272 | 0 | 797 | 224 | 0 | 749 |
| AIR TRANSPORTATION PROGRAM | 1,619 | 170 | 0 | 1,789 | 138 | 0 | 1,757 |
| OFFICE OF BDGET & PGM PLANNING | 43,481 | 32,356 | 0 | 75,837 | 4,212 | 0 | 47,693 |
| INDIAN AFFAIRS | 4,741 | 1,264 | 0 | 6,005 | 1,200 | 0 | 5,941 |
| LT. GOVERNOR | 5,981 | 1,549 | 0 | 7,530 | 1,453 | 0 | 7,434 |
| CITIZENS ADVOCATE OFFICE | 9,880 | 114 | 0 | 9,994 | 66 | 0 | 9,946 |
| MENTAL DIS BD VISITORS | 12,301 | 7,598 | 0 | 19,899 | 3,438 | 0 | 15,739 |
| 3202 COMMISSIONER OF POLITICAL PRACTICES | | | | | | | |
| ADMINISTRATION | 32,518 | 638 | 0 | 33,156 | 483 | 0 | 33,001 |
| 3401 STATE AUDITOR'S OFFICE | | | | | | | |
| CENTRAL MANAGEMENT | 96,020 | 48,531 | 0 | 144,551 | 44,698 | 0 | 140,718 |
| INSURANCE | 179,805 | -13,124 | 0 | 166,681 | -14,352 | 0 | 165,453 |
| SECURITIES | 51,445 | 2,839 | 0 | 54,284 | 1,537 | 0 | 52,982 |
| 3501 OFFICE OF PUBLIC INSTRUCTION | | | | | | | |
| OPI ADMINISTRATION | 1,107,361 | 14,293 | 103,289 | 1,224,943 | 21,652 | 84,749 | 1,213,762 |
| 4107 CRIME CONTROL DIVISION | | | | | | | |
| JUSTICE SYSTEM SUPPORT SRVC | 207,871 | 19,627 | 0 | 227,498 | 19,088 | 0 | 226,959 |
| 4110 DEPARTMENT OF JUSTICE | | | | | | | |

**Table I-2
Unified IT Budget Summary**

| | IT Base Budget Fiscal 2000 | IT Present Law Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total Executive IT Budget Fiscal 2002 | IT Present Law Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total Executive IT Budget Fiscal 2003 |
|---|----------------------------------|---|---------------------------------------|--|---|------------------------------------|--|
| LEGAL SERVICES DIVISION | 114,994 | 40,307 | 0 | 155,301 | 40,537 | 0 | 155,531 |
| GAMBLING CONTROL DIVISION | 384,336 | 65,673 | 0 | 450,009 | 90,235 | 0 | 474,571 |
| MOTOR VEHICLE DIVISION | 1,500,208 | 89,618 | 144,000 | 1,733,826 | 89,178 | 144,000 | 1,733,386 |
| HIGHWAY PATROL DIVISION | 484,086 | -2,366 | 0 | 481,720 | -11,233 | 0 | 472,853 |
| DIVISION OF CRIMINAL INVESTIGATION | 161,339 | 41,928 | 0 | 203,267 | 41,692 | 0 | 203,031 |
| LAW ENFORCEMENT ACADEMY DIV | 33,645 | 4,488 | 0 | 38,133 | 4,998 | 0 | 38,643 |
| CENTRAL SERVICES DIVISION | 23,174 | 14,320 | 0 | 37,494 | 9,878 | 0 | 33,052 |
| JUSTICE INFORMATION SYSTEMS DIV | 2,260,038 | 330,295 | 0 | 2,590,333 | 338,367 | 0 | 2,598,405 |
| FORENSIC SCIENCE DIVISION | 53,932 | 17,692 | 0 | 71,624 | 17,785 | 0 | 71,717 |
| 4201 PUBLIC SERVICE REGULATION | | | | | | | |
| PUBLIC SERVICE REGULATION PROG | 191,212 | 43,924 | 0 | 235,136 | 3,517 | 0 | 194,729 |
| 5101 BOARD OF PUBLIC EDUCATION | | | | | | | |
| ADMINISTRATION | 4,193 | 62 | 0 | 4,255 | -1 | 0 | 4,192 |
| ADVISORY COUNCIL | 8,643 | -127 | 0 | 8,516 | -189 | 0 | 8,454 |
| 5102 COMMISSIONER OF HIGHER EDUCATION | | | | | | | |
| ADMINISTRATION PROGRAM | 49,572 | 49,952 | 0 | 99,524 | 49,193 | 0 | 98,765 |
| TALENT SEARCH | 14,040 | -222 | 2,000 | 15,818 | -222 | 2,603 | 16,421 |
| C.D. PERKINS ADMIN | 29,633 | -103 | 0 | 29,530 | -265 | 0 | 29,368 |
| GUARANTEED STUDENT LOAN PGM | 108,386 | 179,527 | 0 | 287,913 | 181,936 | 0 | 290,322 |
| BOARD OF REGENTS-ADMIN | 309 | 0 | 0 | 309 | 0 | 0 | 309 |
| 5113 SCHOOL FOR THE DEAF AND BLIND | | | | | | | |
| ADMINISTRATION PROGRAM | 42,281 | 11,821 | 0 | 54,102 | 9,287 | 0 | 51,568 |
| GENERAL SERVICES PROGRAM | 827 | -53 | 0 | 774 | -53 | 0 | 774 |
| STUDENT SERVICES PROGRAM | 0 | 25,577 | 0 | 25,577 | 25,780 | 0 | 25,780 |
| EDUCATION PROGRAM | 5,406 | -12 | 0 | 5,394 | -12 | 0 | 5,394 |
| 5114 MONTANA ARTS COUNCIL | | | | | | | |
| PROMOTION OF THE ARTS | 29,615 | 204 | 0 | 29,819 | -14 | 0 | 29,601 |
| 5115 LIBRARY COMMISSION | | | | | | | |
| STATE LIBRARY OPERATIONS | 319,431 | -96,776 | 0 | 222,655 | -110,960 | 0 | 208,471 |
| NATURAL RESOURCE INFO SYSTEM | 377,480 | -110,144 | 0 | 267,336 | -106,331 | 0 | 271,149 |
| 5117 MONTANA HISTORICAL SOCIETY | | | | | | | |
| ADMINISTRATION PROGRAM | 31,963 | 39,132 | 35,125 | 106,220 | 36,798 | 33,908 | 102,669 |
| LIBRARY PROGRAM | 27,100 | 5,872 | 0 | 32,972 | 5,790 | 0 | 32,890 |
| MUSEUM PROGRAM | 30,781 | 3,577 | 6,089 | 40,447 | 4,459 | 1,180 | 36,420 |
| PUBLICATIONS | 13,270 | 4,719 | 0 | 17,989 | 4,719 | 0 | 17,989 |
| HISTORICAL SITES PRESERVATION | 51,481 | 1,937 | 2,000 | 55,418 | 2,158 | 0 | 53,639 |
| 5201 DEPTMANT OF FISH, WILDLIFE AND PARKS | | | | | | | |
| ADMINISTRATION & FINANCE DIV. | 4,178,635 | -1,321,865 | 0 | 2,856,770 | -1,330,152 | 0 | 2,848,483 |
| FIELD SERVICES DIVISION | 76,907 | 219 | 2,090 | 79,216 | 335 | 1,937 | 79,179 |
| FISHERIES DIVISION | 240,760 | -44,062 | 0 | 196,698 | -43,585 | 0 | 197,175 |
| LAW ENFORCEMENT DIVISION | 247,949 | 4,798 | 0 | 252,747 | 5,020 | 0 | 252,969 |
| WILDLIFE DIVISION | 257,185 | -46,595 | 4,500 | 215,090 | -46,406 | 4,500 | 215,279 |

Table I-2
Unified IT Budget Summary

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|--|----------------------------------|---|---------------------------------------|--|---|------------------------------------|--|
| PARKS DIVISION | 69,273 | 1,214 | 5,000 | 75,487 | 1,214 | 5,000 | 75,487 |
| CONSERVATION EDUCATION DIV | 33,536 | -742 | 0 | 32,794 | -742 | 0 | 32,794 |
| DEPARTMENT MANAGEMENT | 126,198 | 5,332 | 0 | 131,530 | 5,391 | 0 | 131,589 |
| 5301 DEPARTMENT OF ENVIRONMENTAL QUALITY | | | | | | | |
| CENTRAL MANAGEMENT PROGRAM | 79 | 252,298 | 0 | 252,377 | 298 | 0 | 377 |
| PLAN.PREVENT. & ASSIST.DIV. | 563,832 | 190,509 | 21,036 | 775,377 | -162,232 | 13,121 | 414,721 |
| ENFORCEMENT DIVISION | 123,942 | -40,702 | 0 | 83,240 | -41,265 | 0 | 82,677 |
| REMEDATION DIVISION | 287,932 | 105,934 | 52,600 | 446,466 | 73,081 | 52,600 | 413,613 |
| PERMITTING & COMPLIANCE DIV. | 1,005,907 | 72,108 | 7,000 | 1,085,015 | -52,189 | 3,200 | 956,918 |
| 5401 DEPARTMENT OF TRANSPORTATION | | | | | | | |
| GENERAL OPERATIONS PROGRAM | 6,649,451 | 2,354,165 | 264,053 | 9,267,669 | 2,011,560 | 208,918 | 8,869,929 |
| CONSTRUCTION PROGRAM | 1,727,656 | 59,610 | 206,514 | 1,993,780 | 80,174 | 20,530 | 1,828,360 |
| MAINTENANCE PROGRAM | 742,559 | 91,303 | 0 | 833,862 | 95,273 | 0 | 837,832 |
| MOTOR CARRIER SERVICES DIV. | 140,273 | -7,623 | 6,200 | 138,850 | -7,460 | 0 | 132,813 |
| AERONAUTICS PROGRAM | 8,693 | -145 | 0 | 8,548 | -145 | 0 | 8,548 |
| TRANSPORTATION PLANNING DIVISI | 491,087 | 3,145 | 9,480 | 503,712 | 4,264 | 9,480 | 504,831 |
| 5603 DEPARTMENT OF LIVESTOCK | | | | | | | |
| CENTRALIZED SERVICES PROGRAM | 446,972 | 99,587 | 0 | 546,559 | 87,602 | 0 | 534,574 |
| DIAGNOSTIC LABORATORY PROGRAM | 6,622 | -298 | 0 | 6,324 | -298 | 0 | 6,324 |
| ANIMAL HEALTH DIVISION | 22,145 | 4,004 | 0 | 26,149 | 4,004 | 0 | 26,149 |
| MILK & EGG PROGRAM | 3,886 | -163 | 0 | 3,723 | -163 | 0 | 3,723 |
| INSPECTION & CONTROL PROGRAM | 55,948 | -2,024 | 0 | 53,924 | -2,024 | 0 | 53,924 |
| MEAT/POULTRY INSPECTION | 93,525 | -39,298 | 0 | 54,227 | -39,298 | 0 | 54,227 |
| MILK CONTROL BUREAU | 6,359 | -3,920 | 0 | 2,439 | -3,920 | 0 | 2,439 |
| 5706 DEPARTMENT OF NATURAL RESOURCES | | | | | | | |
| CENTRALIZED SERVICES | 433,952 | -8,928 | 25,750 | 450,774 | -8,240 | 0 | 425,712 |
| OIL & GAS CONSERVATION DIV. | 107,441 | 4,334 | 0 | 111,775 | 3,850 | 0 | 111,291 |
| CONSERVATION/RESOURCE DEV DIV | 93,469 | 13,929 | 1,500 | 108,898 | 11,246 | 1,500 | 106,215 |
| WATER RESOURCES DIVISION | 575,786 | 22,385 | 0 | 598,171 | 14,801 | 0 | 590,587 |
| RESERVED WATER RIGHTS COMP COM | 95,010 | 32,546 | 0 | 127,556 | 35,050 | 0 | 130,060 |
| FORESTRY & TRUST LANDS | 868,445 | 266,002 | 4,300 | 1,138,747 | 114,487 | 1,400 | 984,332 |
| 5801 DEPARTMENT OF REVENUE | | | | | | | |
| DIRECTORS OFFICE | 185,411 | 106,982 | 261,084 | 553,477 | 106,717 | 189,600 | 481,728 |
| INFORMATION TECHNOLOGY | 2,132,986 | -86,563 | 0 | 2,046,423 | 14,926 | 0 | 2,147,912 |
| RESOURCE MANAGEMENT | 207,255 | 116,823 | 0 | 324,078 | 112,923 | 0 | 320,178 |
| COMPLIANCE VALUATION & RESOLUTION | 2,004,719 | 50,831 | 0 | 2,055,550 | 41,094 | 0 | 2,045,813 |
| 6101 DEPARTMENT OF ADMINISTRATION | | | | | | | |
| ACCOUNTING & MGMT SUPPORT PROG | 210,056 | -2,788 | 2,240 | 209,508 | -2,991 | 240 | 207,305 |
| ARCH & ENGINEERING PGM | 67,353 | -3,264 | 0 | 64,089 | -4,188 | 0 | 63,165 |
| PROCUREMENT & PRINTING DIV. | 68,766 | -131 | 0 | 68,635 | -328 | 0 | 68,438 |
| INFORMATION SERVICES DIVISION | 482,297 | 325,431 | 58,399 | 866,127 | -476,640 | 58,564 | 64,221 |
| STATE PERSONNEL DIVISION | 49,401 | -4,045 | 0 | 45,356 | -4,786 | 0 | 44,615 |

**Table I-2
Unified IT Budget Summary**

| | IT Base Budget Fiscal 2000 | IT Present Law Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total Executive IT Budget Fiscal 2002 | IT Present Law Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total Executive IT Budget Fiscal 2003 |
|---|----------------------------------|---|---------------------------------------|--|---|------------------------------------|--|
| STATE TAX APPEAL BOARD | 25,627 | -7,730 | 0 | 17,897 | -8,010 | 0 | 17,617 |
| 6102 APPELLATE DEFENDER | | | | | | | |
| APPELLATE DEFENDER | 8,215 | 362 | 0 | 8,577 | 268 | 0 | 8,483 |
| 6201 DEPARTMENT OF AGRICULTURE | | | | | | | |
| CENTRAL MANAGEMENT DIVISION | 240,343 | -25,252 | 120,450 | 335,541 | -19,652 | 36,864 | 257,555 |
| AGRICULTURAL SCIENCES DIV. | 202,704 | 20,229 | 2,006 | 224,939 | 30,419 | 2,006 | 235,129 |
| AGRICULTURAL DEVELOPMENT | 145,542 | 27,850 | 0 | 173,392 | 31,020 | 0 | 176,562 |
| 6401 DEPARTMENT OF CORRECTIONS | | | | | | | |
| ADMIN AND SUPPORT SERVICES | 1,883,080 | 349,753 | 0 | 2,232,833 | 321,090 | 0 | 2,204,170 |
| COMMUNITY CORRECTIONS | 622,212 | 14,748 | 0 | 636,960 | 15,949 | 0 | 638,161 |
| SECURE FACILITIES | 508,640 | -5,382 | 0 | 503,258 | -3,973 | 0 | 504,667 |
| MONT CORRECTIONAL ENTERPRISES | -2,168 | 195 | 0 | -1,973 | 195 | 0 | -1,973 |
| 6501 DEPARTMENT OF COMMERCE | | | | | | | |
| WEIGHT & MEASURES DIVISION | 9,479 | 211 | 0 | 9,690 | -42 | 0 | 9,437 |
| BANKING & FINANCIAL DIVISION | 38,035 | 1,901 | 0 | 39,936 | 1,092 | 0 | 39,127 |
| POL DIVISION | 195,614 | 76,046 | 0 | 271,660 | -1,954 | 0 | 193,660 |
| RESEARCH & COMMERCIALIZATION PGM | 0 | 4,186 | 0 | 4,186 | 4,091 | 0 | 4,091 |
| ECONOMIC DEVELOPMENT DIVISION | 151,223 | 15,159 | 0 | 166,382 | 11,645 | 0 | 162,868 |
| COMMUNITY DEVELOPMENT DIVISION | 58,136 | -262 | 0 | 57,874 | -1,577 | 0 | 56,559 |
| LOCAL GOV'T. SERVICES DIVISION | 67,258 | 1,041 | 0 | 68,299 | 945 | 0 | 68,203 |
| BUILDING CODES DIVISION | 93,362 | 34,795 | 0 | 128,157 | 2,773 | 0 | 96,135 |
| HOUSING DIVISION | 126,694 | 25,104 | 0 | 151,798 | 20,109 | 0 | 146,803 |
| BOARD OF INVESTMENTS | 10,071 | -1,209 | 0 | 8,862 | -1,209 | 0 | 8,862 |
| MONTANA STATE LOTTERY | 78,157 | 91,349 | 0 | 169,506 | 88,720 | 0 | 166,877 |
| BOARD OF HORSE RACING | 6,134 | 1,711 | 0 | 7,845 | 1,458 | 0 | 7,592 |
| CONSUMER AFFAIRS | 25,263 | 5,819 | 0 | 31,082 | 4,910 | 0 | 30,173 |
| 6602 DEPARTMENT OF LABOR AND INDUSTRY | | | | | | | |
| JOB SERVICE DIVISION | 3,075,652 | -649,162 | 0 | 2,426,490 | -682,669 | 0 | 2,392,983 |
| UNEMPLOYMENT INSURANCE DIVISION | 1,388,308 | 96,516 | 0 | 1,484,824 | 94,471 | 0 | 1,482,779 |
| COMMISSIONER'S OFFICE/CSD | 164,109 | 5,937 | 0 | 170,046 | 6,147 | 0 | 170,256 |
| EMPLOYMENT RELATIONS DIVISION | 1,994,535 | -344,022 | 0 | 1,650,513 | -346,244 | 0 | 1,648,291 |
| MT COMMUNITY SERVICES | 11,688 | 2,425 | 0 | 14,113 | 2,198 | 0 | 13,886 |
| WORKERS COMPENSATION COURT | 17,113 | 180 | 0 | 17,293 | -90 | 0 | 17,023 |
| 6701 DEPARTMENT OF MILITARY AFFAIRS | | | | | | | |
| OPERATIONS SUPPORT | 18,930 | 1,182 | 0 | 20,112 | 2,055 | 0 | 20,985 |
| CHALLENGE PROGRAM | 52,997 | -52,997 | 64,059 | 64,059 | -52,997 | 59,695 | 59,695 |
| ARMY NATIONAL GUARD PGM | 680,953 | -34,325 | 0 | 646,628 | -32,016 | 0 | 648,937 |
| AIR NATIONAL GUARD PGM | 0 | 6,136 | 0 | 6,136 | 6,208 | 0 | 6,208 |
| DISASTER COORDINATION RESPONSE | 131,211 | 36,452 | 3,200 | 170,863 | 52,238 | 3,200 | 186,649 |
| VETERANS AFFAIRS PROGRAM | 20,032 | 13,696 | 0 | 33,728 | 2,432 | 0 | 22,464 |
| 6901 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES | | | | | | | |
| HUMAN AND COMMUNITY SERV. DIV. | 865,304 | 72,174 | 3,500,555 | 4,438,033 | 59,825 | 555 | 925,684 |

Table I-2
Unified IT Budget Summary

| | IT Base Budget Fiscal 2000 | IT Present Law Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total Executive IT Budget Fiscal 2002 | IT Present Law Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total Executive IT Budget Fiscal 2003 |
|---|----------------------------------|---|---------------------------------------|--|---|------------------------------------|--|
| CHILD & FAMILY SERVICES DIV | 615,506 | 84,138 | 31,977 | 731,621 | 207,818 | 31,744 | 855,068 |
| DIRECTOR'S OFFICE | 142,540 | 10,239 | 0 | 152,779 | 10,800 | 0 | 153,340 |
| CHILD SUPPORT ENFORCEMENT | 781,509 | 83,243 | 540,000 | 1,404,752 | 54,778 | 540,000 | 1,376,287 |
| HEALTH POLICY & SERVICES DIVISION | 1,444,921 | 120,996 | 605,657 | 2,171,574 | 122,714 | 1,629,657 | 3,197,292 |
| DIVISION OF QUALITY ASSURANCE | 452,343 | 33,936 | 0 | 486,279 | 35,206 | 0 | 487,549 |
| OPERATIONS & TECHNOLOGY DIV | 21,077,787 | 1,710,977 | 0 | 22,788,764 | 2,405,513 | 0 | 23,483,300 |
| DISABILITY SERVICES DIVISION | 709,757 | 66,088 | 0 | 775,845 | 68,186 | 0 | 777,943 |
| SENIOR & LONG-TERM CARE SVCS | 300,818 | 6,497 | 12,425 | 319,740 | 8,376 | 16,600 | 325,794 |
| ADDICTIVE & MENTAL DISORDERS | 1,733,183 | 32,359 | 1,950 | 1,767,492 | 36,484 | 1,950 | 1,771,617 |
| Total Section 1 | 75,752,961 | 5,789,684 | 6,178,211 | 87,720,856 | 4,435,465 | 3,725,002 | 83,913,428 |
| <u>Section 2 - Proprietary Agencies and Programs</u> | | | | | | | |
| 2110 JUDICIARY | | | | | | | |
| LAW LIBRARY | 36,962 | 0 | 0 | 36,962 | 0 | 0 | 36,962 |
| 3201 SECRETARY OF STATE'S OFFICE | | | | | | | |
| BUSINESS & GOVERNMENT SERVICES | 848,488 | -21,856 | 31,500 | 858,132 | -17,866 | 42,000 | 872,622 |
| 3501 OFFICE OF PUBLIC INSTRUCTION | | | | | | | |
| OPI ADMINISTRATION | 368,452 | 85,820 | 0 | 454,272 | 83,849 | 0 | 452,301 |
| 4110 DEPARTMENT OF JUSTICE | | | | | | | |
| AGENCY LEGAL SERVICES | 40,278 | 11,280 | 0 | 51,558 | 10,629 | 0 | 50,907 |
| 5102 COMMISSIONER OF HIGHER EDUCATION | | | | | | | |
| MUS GROUP INSURANCE PROGRAM | 12,408 | 912 | 0 | 13,320 | 588 | 0 | 12,996 |
| 5201 DEPARTMENT OF FISH, WILDLIFE AND PARKS | | | | | | | |
| ADMINISTRATION & FINANCE DIV. | 4,164 | -50 | 0 | 4,114 | -50 | 0 | 4,114 |
| PARKS DIVISION | 836 | -7 | 0 | 829 | -7 | 0 | 829 |
| 5301 DEPARTMENT OF ENVIRONMENTAL QUALITY | | | | | | | |
| CENTRAL MANAGEMENT PROGRAM | 848,845 | 638,290 | 0 | 1,487,135 | 497,859 | 0 | 1,346,704 |
| 5401 DEPARTMENT OF TRANSPORTATION | | | | | | | |
| STATE MOTOR POOL | 4,530 | -6 | 0 | 4,524 | -254 | 0 | 4,276 |
| EQUIPMENT PROGRAM | 44,875 | 465 | 0 | 45,340 | -5,294 | 0 | 39,581 |
| AERONAUTICS PROGRAM | 1,423 | 5 | 0 | 1,428 | -40 | 0 | 1,383 |
| 5706 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION | | | | | | | |
| FORESTRY & TRUST LANDS | 10,927 | 779 | 0 | 11,706 | 599 | 0 | 11,526 |
| 5801 DEPARTMENT OF REVENUE | | | | | | | |
| CUSTOMER SERVICE AND INFO PROC | 929,327 | 50,316 | 0 | 979,643 | 46,552 | 0 | 975,879 |
| 6101 DEPARTMENT OF ADMINISTRATION | | | | | | | |
| ACCOUNTING & MGMT SUPPORT PROG | 232,396 | 55,379 | 0 | 287,775 | 55,984 | 0 | 288,380 |
| PROCUREMENT & PRINTING DIV. | 434,822 | -20,005 | 0 | 414,817 | -20,937 | 0 | 413,885 |
| INFORMATION SERVICES DIVISION | 24,876,024 | 1,422,001 | 52,909 | 26,350,934 | 1,641,945 | 53,099 | 26,571,068 |

**Table I-2
Unified IT Budget Summary**

| | IT Base Budget Fiscal 2000 | IT Present Law Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total Executive IT Budget Fiscal 2002 | IT Present Law Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total Executive IT Budget Fiscal 2003 |
|---------------------------------------|----------------------------------|---|---------------------------------------|--|---|------------------------------------|--|
| GENERAL SERVICES PROGRAM | 56,623 | -8,557 | 0 | 48,066 | -9,301 | 0 | 47,322 |
| MAIL & DISTRIBUTION BUREAU | 28,221 | 5,173 | 0 | 33,394 | 4,756 | 0 | 32,977 |
| STATE PERSONNEL DIVISION | 399,891 | -29,277 | 0 | 370,614 | -28,272 | 0 | 371,619 |
| RISK MANAGEMENT & TORT DEFENSE | 156,743 | -13,127 | 0 | 143,616 | -13,370 | 0 | 143,373 |
| 6103 STATE FUND | | | | | | | |
| ST. COMPENSATION MUTUAL INS. F | 1,588,613 | -124,909 | 0 | 1,463,704 | -125,754 | 0 | 1,462,859 |
| 6201 DEPARTMENT OF AGRICULTURE | | | | | | | |
| AGRICULTURAL SCIENCES DIV. | 16 | -16 | 0 | 0 | -16 | 0 | 0 |
| 6401 DEPARTMENT OF CORRECTIONS | | | | | | | |
| MONT CORRECTIONAL ENTERPRISES | 117,101 | -927 | 0 | 116,174 | -687 | 0 | 116,414 |
| 6501 DEPARTMENT OF COMMERCE | | | | | | | |
| POL DIVISION | 162,012 | 27,565 | 0 | 189,577 | 19,415 | 0 | 181,427 |
| LOCAL GOV'T. SERVICES DIVISION | 12,157 | 1,952 | 0 | 14,109 | 1,345 | 0 | 13,502 |
| LOCAL GOVT ASSISTANCE ADMIN | 3,558 | 2,832 | 0 | 6,390 | 2,527 | 0 | 6,085 |
| HEALTH FACILITY AUTHORITY | 19,262 | -794 | 0 | 18,468 | -997 | 0 | 18,265 |
| HOUSING DIVISION | 73,987 | 33,856 | 0 | 107,843 | 19,412 | 0 | 93,399 |
| BOARD OF INVESTMENTS | 390,671 | 20,587 | 0 | 411,258 | 15,057 | 0 | 405,728 |
| DIRECTOR/MANAGEMENT SERVICES | 396,983 | 11,289 | 0 | 408,272 | 12,586 | 0 | 409,569 |
| 6602 DEPARTMENT OF LABOR AND INDUSTRY | | | | | | | |
| JOB SERVICE DIVISION | 32,454 | 36,558 | 0 | 69,012 | 37,286 | 0 | 69,740 |
| COMMISSIONER'S OFFICE/CSD | 495,125 | 9,176 | 0 | 504,301 | 10,427 | 0 | 505,552 |
| Total Section 2 | 32,628,174 | 2,194,704 | 84,409 | 34,907,287 | 2,237,971 | 95,099 | 34,961,244 |

AGENCY INFORMATION TECHNOLOGY SUMMARIES

In the following pages, there is a summary of the information technology related budget requests for each agency that were contained in Table I-2. The agencies are listed in agency number order, with the section where the total agency budget is presented shown at the right. Whenever an IT budget recommendation exceeds \$300,000 for the biennium, it is termed "significant." A summary table of the significant IT decisions is presented prior to the nine-point narrative explaining the budget item(s). Because some agencies have more than one significant item, the present law (PL) or new proposal (NP) line contains the dollar amounts recommended by year.

The Legislative Branch

1104[Section A]

PL2004 -- Info Systems Support of Montana Codes Production (Program 20) --

(1) A description of what will be accomplished with the IT expenditures:

Adjustments from the base include the cost of upgrading MCA production equipment, camera-ready printers, and related software.

(2) Impacts if the budget request for those IT expenditures is not approved:

Reduction or elimination of the State Special Revenue funding within this decision package would result in erosion of the Legislative Services Division's ability to publish the Montana Code Annotated and eventual elimination of the function.

(3) Intra and Inter-agency benefits of the IT expenditures:

The Legislative Services Division produces and publishes the Montana Code Annotated in hard copy form, electronically via the Internet, and on CD-Rom. This allows access to the MCAs to staff in the Legislative Branch and all of state government as well as to the general public.

NP 2005 -- Internet Broadcast of Session Activities (Program 20) --

(1) A description of what will be accomplished with the IT expenditures:

The request would allow the broadcast of gavel-to-gavel coverage of House and Senate floor sessions during the 2003 Legislature on the Internet.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the proposal is not funded, it would be eliminated.

(3) Intra and Inter-agency benefits of the IT expenditures:

The broadcast via an internal intranet and an external internet would allow session workers as well as the general public to watch legislative sessions on their computers and would create much broader access to the legislative process.

NP 2006 -- Technology Contingency Fund (Program 20) --

(1) A description of what will be accomplished with the IT expenditures:

The request would allow the Legislative Branch to quickly react to an unanticipated need or cost-beneficial chance to purchase a new technology.

(2) Impacts if the budget request for those IT expenditures is not approved:

Elimination of the proposal may delay the agency's ability to respond to technology changes brought about by external factors and could result in additional cost to the state.

(3) Intra and Inter-agency benefits of the IT expenditures:

Such technology could benefit both employees of the Legislative Branch as well as the rest of state employees in addition to the general public.

NP 2008 -- Legislator Computers & Chamber Automation (Program 20) --

(1) A description of what will be accomplished with the IT expenditures:

This pilot project would provide 18 laptop computers for legislators to use during the 2003 legislative session and chamber automation capability for those computers.

(2) Impacts if the budget request for those IT expenditures is not approved:

If not funded, the proposal would be eliminated for the 2003 biennium.

(3) Intra and Inter-agency benefits of the IT expenditures:

Interagency benefits of this proposal include the increased ability to communicate, using e-mail, with the test group of legislators, and the legislators' increased exposure to and understanding of the state's use of information technology. Internally, the project would provide information needed to determine the feasibility of expanding the project to the full Legislature.

**Table I-3
Agency Summary of Significant IT Decision Packages
For Legislative Branch**

| Budget Item | IT PL Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total IT Adjustments Fiscal 2002 | IT PL Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total IT Adjustments Fiscal 2003 | Total It Adjustments Fiscal 02-03 |
|--|-------------------------------------|------------------------------------|--|-------------------------------------|------------------------------------|--|---|
| IT FTE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Expenditures | | | | | | | |
| Personal Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 592,258 | 0 | 592,258 | 666,893 | 0 | 666,893 | 1,259,151 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 592,258 | 0 | 592,258 | 666,893 | 0 | 666,893 | 1,259,151 |
| Funding | | | | | | | |
| General Fund | 592,258 | 0 | 592,258 | 666,893 | 0 | 666,893 | 1,259,151 |
| Total Funds | 592,258 | 0 | 592,258 | 666,893 | 0 | 666,893 | 1,259,151 |
| Note: This table contains only costs for decision packages that have been identified as significant IT decision packages (as defined by OBPP). The table does not include inflationary/deflationary affects nor does it include IT objects of expenditure that are within other proposals not identified as significant IT decision packages. | | | | | | | |

PL 2003 -- Legislative Branch Computer Systems Plan (Program 20) \$592,258 FY 2002; \$666,893 FY2003 --

(1) A description of what will be accomplished with the IT expenditures:

The expenditures involved with this decision package are to maintain the operational status of the Branch IT environment; streamline the current Web server services; ongoing development and implementation of interfaces with executive branch and university system administrative, financial and revenue systems; and implementation of a geographic information system (GIS) to support the Branch's need to analyze geographical data. The reader is referred to the Legislative Branch Computer Systems Plan for additional details.

(2) Impacts if the budget request for those IT expenditures is not approved:

Should the decision package be reduced, the Branch would be unable to complete its required functions. The major portion of the decision package addresses maintenance of the current operational status of the Branch computer systems. The balance of the decision package addresses functional tools required to allow Branch divisions to complete statutorily required functions.

(3) Intra and Inter-agency benefits of IT expenditures:

The Legislative Branch computing environment supports the House of Representatives, the Senate, the Legislative Audit Division, the Legislative Fiscal Division, and the Legislative Services Division in all areas of Branch business

processes. The products of those business processes are communicated to state agencies and the public in the form of reports of audit findings and fiscal analysis issues, interim legislative committee recommendations, ongoing legislative session monitoring, and technical support of the enactment of law.

(4) Reference the IT strategy from the ISD State IT Plan:

Functional strategies are described in (1) above.

(5) Rationale for not using an existing state IT resource:

All projects included in the Legislative Branch Computer System Plan use state standards, except where already-obtained exceptions are applicable. The budget, as presented, uses existing state resources, current level contracted resources, and an increased funding level to support existing structures or to develop upgrades to existing structures as required for functionality.

(6) Estimated additional annual costs to operate:

The first objective of the plan is to maintain the operational status of the current branch IT environment through the following initiatives: continue to upgrade computer software packages to maintain software on currently supported releases; continue to repair and maintain personal computers, servers, printers, etc.; continue to attach personal computers, printers, and servers to the state data network; convert to Windows 2000 on the desktop personal computers; upgrade the LAWS to WordPerfect 9.0; and maintain current application systems through internal staff or contracted services. Maintenance of the operational status of the branch computer environment accounts for 7 percent of the biennial costs of this decision package and is an ongoing cost.

The remaining 24 percent of the decision package relates to objectives to streamline the current Web server services, the ongoing development and implementation of interfaces with university system and executive branch systems, and implementation of a GIS system. It is anticipated that these objectives will have some level of ongoing costs beyond this biennium, specifically hardware and software upgrades and implementation of those upgrades.

(7) Impacts on current IT resources:

Current IT resources will be fully expended in addition to the funds requested in this decision package to accomplish the listed objectives.

(8) Project schedule and oversight description:

The projects will be managed by current IT management in the branch and will be accomplished within the 2003 biennium.

(9) Technical overview:

Technically, the branch will use existing software and hardware tools to maintain the operational status of the current computer environment, will use a MS IIS server to streamline the Web publication process, will implement ArcView software for the GIS component, and will use PeopleSoft and BANNER tools for the interfaces to enterprise systems.

The Judicial Branch

2110 [Section A]

The Judicial Branch proposes to purchase various computer equipment including: upgrading hardware for the Case Management System; two printers for the Supreme Court Justices; upgrading a Web server in the Law Library; purchasing a scanner in the Clerk's office; and PCs for 2.00 FTE requested in decision packages.

The Governor's Office

3101 [Section A]

The Governor's Office has all computers on a four-year replacement cycle. According to the replacement schedule, 16 computers will be purchased in FY 2002 and one computer will be purchased in FY 2003. Purchases during the biennium will take place in the Executive Office Program, the Office of Budget and Program Planning, and the Mental Disabilities Board of Visitors. In addition, the Office of Budget and Program Planning proposes to purchase a video projector and laptop computer to use for various training sessions and presentations.

The Secretary of State's Office

3201 [Section A]

NP 1 -- Purchase Computer Equipment and Software (Program 01) --

(1) A description of what will be accomplished with the IT expenditures:

New and expanded IT technologies will provide enhanced services to both internal staff and the public, including new abilities to view and file some types of documents online. Continued development of new replacement computer systems that should speed up processing time of all types of filings. Quicker access to critical data will save customers time.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the expenditures were not approved, the agency would have increased reliance on contracted services to 'house' the ever increasing amount of data needed by our computer systems. Increased amounts of time and resources would be spent maintaining old outdated computer systems due to the lack of new computer hardware to house newer systems. The agency would have increased costs from lengthening existing warranties to cover aging computer equipment.

(3) Intra and Inter-agency benefits of the IT expenditures:

The agency would experience increased work flow with a decreased amount of processing time. Utilizing newer computer hardware technologies systems can be integrated with common modules to reduce duplicated data entry.

The State Auditor's Office

3401 [Section A]

PL2 -- Personnel Positions in Program 1, Program 03, and Program 04 --

The budget adds two new computers at \$2,000 each for the two new positions proposed in three decision packages.

The Office of Public Instruction

3501 [Section E]

(1) A description of what will be accomplished with the IT expenditures:

The previous legislature approved \$360,314 to automate the data collection. The pilot project is complete and is anticipated to revert more in the 2001 biennium than the \$100,000 being requested in the 2003 biennium.

In the 2001 biennium, OPI has made progress toward the automation of the annual non-fiscal data collection. Seventy-five school systems and county superintendents participated in OPI's demonstration project to submit non-fiscal data via a Web-based application in the fall of 2000. These school systems and counties comprise about one-third of the districts across the state. In FY 2002 and FY 2003, OPI will offer the opportunity to all school districts to submit non-fiscal data reports electronically via the Internet. Given the history of the MAEFAIRS financial reporting system, it is expected that all but 20 school districts will move to electronic reporting within three years.

The funding provided in the 2001 biennium has been used to review OPI business processes, rewrite the system in Access (a state standard), and develop a Web-based application for districts to submit and review data electronically. These enhancements will improve the quality and timeliness of school data. The funding request for the 2003 biennium will ensure that OPI will be able to scale up to accommodate 450 school districts in the electronic filing of non-fiscal reports. For the 2001 biennium OPI has enlisted the services of the Department of Administration to support the Citrix server and software that are used to deliver the Web-based applications. OPI estimates that fees paid to DoFA will total \$36,000 annually in each year of the 2003 biennium.

Background on non-fiscal data collection. Each fall, Montana's 900 public schools and accredited non-public schools report information on school personnel and teaching assignments, district information, accreditation information, dropout data, and student assessment scores. County superintendents and private schools report non-public school enrollment.

This data collection is currently a paper process. Where appropriate, identifying data and data from the prior year is pre-printed by OPI on the paper forms to avoid redundancy and minimize errors. However, because of the complexity of the data, districts have many questions about how to complete the forms. An automated system with built-in calculations and edit checks will help to avoid reporting errors and reduce the time spent by OPI and school district staff correcting incomplete data and errors.

(2) Impacts if the budget request for those IT expenditures is not approved:

The system that has been developed and successfully implemented with a pilot group of schools will not be expanded to other schools. The request for the 2003 biennium provides funding for on-going support from the Department of Administration, which OPI needs in order to make the automated system available on the Internet.

(3) Intra- and Inter-agency benefits of the IT expenditures:

This request is an important component for reaching OPI's goals to:

Provide the public with a means of assessing the quality and achievements of Montana's K-12 education system
Improve the access to and management of information and data-related to K-12

Board of Crime Control

4107 [Section D]

PL1 - Sub-grant Fiscal Support

(1) A description of what will be accomplished with the IT expenditures:

The Board of Crime Control (BCC) request for sub-grant fiscal support includes the purchase of PC workstations for 2.00 FTE working in the accounting bureau. The PCs will enable the support staff to access the grant management information system, the SABHRS system, network with federal grantors and local sub-grantees.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the request were not approved staff would be required to share PCs, which would reduce productivity for all. The BCC does not have extra workstations currently for new staff. A major share of the work requires daily access to different accounting systems and networking with other governmental agencies.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Inter-agency compatibility makes software transitions more flexible and easier for support staff especially in the area of SABHRS and Internet communications.

PL 2 - Crime Victims Compensation

(1) A description of what will be accomplished with the IT expenditures:

The BCC will purchase a PC workstation to enable the 1.00 FTE to access the Crime Victims Compensation database system, the SABHRS system and network with local agencies.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the request were not approved staff would be required to share PCs, which would reduce productivity for all. The BCC does not have extra workstations currently for new staff. A major share of the work requires daily access to the Crime Victim's Data Base system to process correspondence necessary of the completion of claims.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Inter-agency compatibility makes software transitions more flexible and easier for support staff especially in the area of SABHRS and Internet communications.

PL 5 - Equipment

(1) A description of what will be accomplished with the IT expenditures:

The BCC is replacing its computers on a four- year replacement cycle to will bring the agency into compliance with state standards for state/agency uniformity and compatibility.

(2) Impacts if the budget request for those IT expenditures is not approved:

Potential impact of disapproved requests include: loss of productivity, software incompatibility, disruptions in services and, maintenance cost increases.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Inter-agency compatibility makes software transitions more flexible and easier for support staff especially in the area of SABHRS, LAN and, Internet communications.

PL 8 - Legal Services Base Adjustments (Program 01) –**(1) Description of what will be accomplished with the IT expenditures:**

This expenditure code is used for payments for electronic legal research, including Westlaw, Lexis, and CD-Rom subscriptions. Electronic research is becoming more widespread and vendors typically raise their prices by a few percentage points each year. Electronic research is particularly important for the Child Protection Unit lawyers, as most are located in field offices without access to adequate law libraries. Additional funds are also requested for the anticipated upgrade of the division's billing, timekeeping and case-tracking software. In response to the legislature's directive to monitor benchmarks, and in order to be more accountable for investment of staff resources, the division has made good progress in customizing software designed for legal professionals to monitor litigation files and to keep track of time spent on case files and other legal matters.

(2) Impacts if the budget request for IT expenditures is not approved:

Lawyers stationed outside of Helena will not have access to adequate law libraries requiring them to travel to locations with adequate libraries. This added cost of travel and related loss of time would far exceed the requested increase. If funds are not approved for the upgrade to the division's billing system, legal staff would forego the increased efficiencies upgrades provide. Additionally, upgrades provide continued compatibility with other systems.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The Child Protection Unit works directly with the Department of Health and Human Services. Adding travel costs and the resulting lost time would allow for fewer cases to be handled by these lawyers.

PL 9 - Gambling Control Base Adjustment (Program 09) –**(1) Description of what will be accomplished with the IT expenditures:**

This adjustment represents an increase in communication expenses to cover the Automated Accounting and Reporting System (AARS) nightly calls to collect video gaming machine meter readings.

(2) Impacts if the budget request for IT expenditures is not approved:

The AARS is a new system approved by the 1999 Legislature. It is doubtful that sufficient funds could be diverted to pay these expenses and that could put the operation of AARS in jeopardy.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The AARS system will guarantee accurate and timely collection of gaming taxes that benefits both local and state governments.

PL 16 -Gambling Control AARS FTE (Program 07) –**(1) Description of what will be accomplished with the IT expenditures:**

These expenses represent anticipated telephone and computer expenditures that will support two FTE dedicated to the AARS.

(2) Impacts if the budget request for IT expenditures is not approved:

These expenses represent nearly one-third of the operating budget for these two individuals. Funds dedicated for travel would likely have to be used. Consequently, these two individuals would not be able to give the on-site assistance requested by establishments.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The ability of these two individuals to respond to problems and requests-for-assistance will assure the overall efficiency and accuracy of AARS.

PL 2 - Driver Licensing Base Budget Adjustments (Program 12) –**(1) Description of what will be accomplished with the IT expenditures:**

During the 2001 biennium, the division implemented a new contract with the vendor providing the driver licensing and identification card production processing. One of the enhancements to improve services involved the implementation of daily data transfer of driver licensing data, photograph and signature images. This feature increased computer processing time but reduced the turn around time for driver licenses and identification cards

from ten weeks to one week. Additionally, in FY 2001, 16 additional driver-licensing stations were added to the on-line system and an increase is necessary to annualize those costs.

(2) Impacts if the budget request for IT expenditures is not approved:

The division would have to renegotiate the contract to eliminate the new features. Law enforcement is a major beneficiary of the data transfers of the photograph and signatures. Also, individuals would have to wait up to ten weeks to get their driver licenses.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Response to law enforcement requests for photographs of suspected criminals or missing persons is substantially improved.

PL 15 - Motor Vehicle Imaging Project (Program 12) –

(1) Description of what will be accomplished with the IT expenditures:

The Title and Registration Bureau (TRB), located in Deer Lodge, currently uses microfilm-filing technology to film an average of two million documents each year – nearly 7,600 documents daily – and has an average backlog of 14 to 16 weeks in the microfilming unit. The microfilming process is antiquated, cumbersome, and extremely inefficient – not only in the actual microfilming of documents but also in the accessing of the microfilm cartridges. The introduction of a document imaging system would eliminate two chronic problems at the TRB. The first is the replacement of the inefficient and cumbersome microfilming process. The efficiencies of imaging would require fewer FTE to process the 7,600 daily documents. Also, the ability to access imaged records from the desktop would save time currently spent leaving the desk, finding the microfilm cartridge, locating the document, printing it, and returning to the desk. FTE no longer needed for microfilming as a result of moving to imaging technology would then be used to address the second problem – a chronic and increasing backlog of title and registration issuances and lien filings. Backlogs in these areas are permanent, ranging from 14 to 16 weeks in the microfilming unit and six to eight weeks in titling and registration. Asking employees to work overtime for extended periods of time and hiring temporary short-term workers temporarily controls backlogs. This temporary solution cannot be sustained. If imaging were denied, an increase of 5.00 FTE would be necessary.

(2) Impacts if the budget request for IT expenditures is not approved:

If imaging were denied, an increase of 5.00 FTE would be necessary.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The ever-increasing backlogs at the Title and Registration Bureau directly impact every County Treasurers' Office. Quicker turnaround of titles would improve the services provided to the general public by the Treasurers.

PL 3 - Motor Vehicle Title and Registration Adjustments (Program 12) –

(1) Description of what will be accomplished with the IT expenditures:

Based on high vacancy rates experienced in FY 2000 (more than 30 percent), an increase is necessary to annualize computer processing costs for positions vacant during the base year that are now filled.

(2) Impacts if the budget request for IT expenditures is not approved:

The budget for this particular expenditure area would simply be overspent as there is no way to limit the level of expenditure in computer processing short of reducing individual workloads which is unacceptable in lieu of the continuing backlog. As individuals process titles, every keystroke generates a computer charge. If this increase were denied, another area of expense would have to be reduced.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Quicker turnaround of titles would improve the services provided to the general public by the treasurers offices.

PL 6 - Division of Criminal Investigation Adjustments (Program 18) –

(1) Description of what will be accomplished with the IT expenditures:

DCI requires access to the Criminal Justice Information Network (CJIN) to obtain criminal history information. DCI currently has access to CJIN in its Helena, Missoula and Billings offices. CJIN is funded from fees collected by their users. DCI has never been budgeted to pay for these fees. Temporary funding was obtained for the 2001 biennium with the commitment to address this budget need in the 2003 biennium.

(2) Impacts if the budget request for IT expenditures is not approved:

Access to CJIN would either be discontinued or budget reductions in other areas of the budget would have to occur.

(3) Intra- and Inter-agency benefits of the IT expenditures:

DCI investigators depend on CJIN to provide criminal information helpful to the cases they are investigating. Counties are the major beneficiaries of DCI investigations.

PL 4 - Justice Information Systems Adjustments (Program 29) -

(1) Description of what will be accomplished with the IT expenditures:

Continuing education for IT professionals is a necessity to ensure that JISD remains current with rapid changes that are occurring in information technology. Specialized technical training is, and always has been, a necessity for IT personnel. JISD has continued to experience retention and hiring problems. As a result of not finding fully qualified people to fill IT positions such as programmer analysts, LAN (Local Area Network) managers and database administrators, training assignments have been utilized. In order to complete a training assignment, employees must attend specialized training courses costing between \$600 and \$1,500 per course. For example, one programmer analyst has completed three training courses this year costing a total of \$2,250. The Support Services Bureau (LAN managers, network coordinator, database administrator) will require one week of technical training for the nine employees in the bureau at a cost of \$1,500 each for a total of \$13,500 per year. The Development Services Bureau (project managers, programmer analysts) will require a total of \$10,000 per year to cover the cost of training assignments and other specialized training. Also note that many of the training courses required are not available in Montana requiring out-of-state travel.

(2) Impacts if the budget request for IT expenditures is not approved:

As noted above, the shortage of IT individuals is so great that individuals with less-than-desired skills and experience are hired and then trained. Allowing individuals who do not meet minimum qualifications to program and provide IT assistance could cause major problems. Program errors in the motor vehicle system could impact the general public and the ability of the department to meet legislative intent.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Every division, in varying degrees, depends on JISD personnel and assumes they are adequately trained to meet the various needs of a large department.

The Public Service Commission

4201 [Section D]

PL2 Computer Replacement

(1) A description of what will be accomplished with the IT expenditures:

The Public Service Commission (PSC) equipment expenditures are necessary as part of the normal hardware replacement cycle. The upgrades to personal computers will enable the commission to utilize the current level of state standard software at adequate performance levels.

(2) Impacts if the budget request for those IT expenditures is not approved:

If IT expenditures are not approved the commission will operate with outdated PC equipment requiring an increased support cost as well as additional expenditures in maintenance services. Hardware upgrades will need to be purchased in order to use the state-standard software suite and even with the upgrades the PCs would perform at a very low level causing a decrease in worker/staff productivity.

(3) Intra and Inter-agency benefits of the IT expenditures:

Intra and inter-agency benefits of the IT expenditures will allow the PSC staff to continue to communicate and correspond efficiently with other agencies, both internal and external to state government. This would also include communication and correspondence with regulated utilities and other interested parties.

PL 101 Equipment Replacement (Program 01)**(1) A description of what will be accomplished with the IT expenditures:**

Funds \$3,000 of general fund above the base for personal computer replacement. This will allow equipment will be on a four year cycle, although the Office of Commissioner of Higher Education (OCHE) had requested pc replacement on a three year cycle.

(2) Impacts if the budget request for those IT expenditures is not approved:

The OCHE will have to continue to use older personal computers that are not as efficient.

(3) Intra and Inter-agency benefits of the IT expenditures:

Minimal benefits as the amount of the decision package is small.

Table 4
Agency Summary of Significant IT Decision Packages
For Commissioner of Higher Education

| Budget Item | IT PL Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total IT Adjustments Fiscal 2002 | IT PL Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total IT Adjustments Fiscal 2003 | Total It Adjustments Fiscal 02-03 |
|---------------------------|-------------------------------------|------------------------------------|--|-------------------------------------|------------------------------------|--|---|
| IT FTE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Expenditures | | | | | | | |
| Personal Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 155,000 | 0 | 155,000 | 158,100 | 0 | 158,100 | 313,100 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 185,540 | 0 | 0 | 185,540 | 0 | 371,080 |
| Total Expenditures | 155,000 | 185,540 | 155,000 | 158,100 | 185,540 | 158,100 | 684,180 |
| Funding | | | | | | | |
| General Fund | 0 | 185,540 | 0 | 0 | 185,540 | 0 | 371,080 |
| Federal Special | 155,000 | 0 | 155,000 | 158,100 | 0 | 158,100 | 313,100 |
| Total Funds | 155,000 | 185,540 | 155,000 | 158,100 | 185,540 | 158,100 | 684,180 |

Note: This table contains only costs for decision packages that have been identified as significant IT decision packages (as defined by OBPP).
The table does not include inflationary/deflationary affects nor does it include IT objects of expenditure that are within other proposals not identified as significant IT decision packages.

NP 919 Banner Ongoing Costs (Program 09) \$185,540 FY2002 ; \$185,540 FY2003**(1) A description of what will be accomplished with the IT expenditures:**

The request funds a portion of operating costs associated with SCT Banner 2000 management information system. All campuses of both MSU and UM utilize Banner to process and record transactions for all student registration, student advising, student financial aid, financial services, business services, budget services, and human resources functions. Data by products from the MUS Banner 2000 system are limited into the state PeopleSoft system. In addition, Banner 2000 is the foundation for the Regents new MUS Data Warehouse. Through these systems, each university provides a set of central services for its several campuses, under a common set of policies, procedures, processing guidelines, and data definitions.

The Banner 2000 system is an extremely sophisticated management information system, which has only recently been implemented on many of the campuses. The centralized use of this system for multiple, inter-related institutions is especially challenging. The design for the Regents Data Warehouse is beyond anything that has been accomplished before.

The sophisticated design, multi-campus utilization, and data warehouse application of this system requires an experienced, highly technical staff in order to manage all of the inter-related operations. Support must expand to allow staff to move beyond initial minimal implementation to allow full utilization of capabilities and meet all requirements of the state and MUS users.

(2) Impacts if the budget request for those IT expenditures is not approved:

In the base year, seven people covered the new Banner positions while performing their old jobs. If this budget request is not approved, MSU and UM will be faced with several adverse impacts: a) the inability to continue to correctly process transactions for all student registration, student advising, student financial aid, financial services, business services, budget services, and human resources functions; b) the inability to guarantee that students receive their financial aid in a timely manner; c) the inability to guarantee that employees will receive their paychecks in a timely manner; d) the inability to provide MUS data to the Commissioner, Regents, Governor, Legislature and the state PeopleSoft system; and e) the risk of operating a system that is out of compliance with state and federal regulations.

(3) Intra- and inter-agency benefits of the IT expenditures:

This system is the source of all student and business transactions for the entire Montana University System. It is also the foundation for the University System's compliance with state and federal accountability requirements. If the system is not well managed, and its multiple-campus utilization is not effectively coordinated, the campuses will not be able to fulfill their obligations to their students, their employees, other state agencies, or vendors.

(4) Reference the IT strategy from the ISD State IT Plan:

The state PeopleSoft system, the comparable MUS system is the Banner system. The resources provide support for the Banner system to serve MUS customers and provide data to the state. This servicing system is vital to MUS operations, and to our mission of providing access to higher education for all Montana residents.

(5) Rationale for not using an existing state IT resource:

Neither an existing state IT resource, nor any other State resource, is otherwise available for this application.

(6) Estimated additional annual costs to operate:

The MUS has identified 14 positions directly associated with Banner operations; however, seven of these positions are in the base. Total personal services and operating costs associated with these positions are approximately \$770,000. MUS has identified \$328,000 above the base costs that are associated with Banner contractors.

(7) Impacts on current IT resources:

This system allows current resources to be used more efficiently and effectively.

(8) Project schedule and oversight description:

All systems, except the MUS data warehouse are now in operation. However, much of the system is still new and must be fully implemented to be completely functional, and many tasks are currently being fulfilled by employees who are working two jobs, which cannot continue.

(9) Technical overview:

This system is extensively documented, and subject to access by the Governor's Budget Office, and the Legislative Fiscal Division, in addition to being subject to system audits by the Legislative Auditor's office.

PL 1203 GSL – Increase Service Fee (Program 12) \$155,000 FY2002 ;\$158,100 FY 2003

(1) A description of what will be accomplished with the IT expenditures:

MGLSP utilizes the USAGroup Guarantor Services loan guarantee and servicing system on a remote basis to perform application processing, loan guarantees, status management, default prevention, claim review, and loan accounting functions. The majority of fees for these services are based on the agency's loan guarantee volume, however other charges are accessed based on changing federal regulations. This system provides the backbone of our loan portfolio processing, accounting and information systems.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the budget request were to not be approved, MGLSP would be faced with two adverse impacts: a) the inability to guarantee loan volume for all Montana students who wish to attend post-secondary institutions (these students

would need to look out of state for loan guarantee services; and 2) the risk of operating a system that was out of compliance with federal regulations.

(3) Intra- and inter-agency benefits of the IT expenditures:

The agency servicing system is directly interfaced with software residing at all component institutions of the Montana University System. This interface allows for the timely and cost effective transfer of student loan application information, which in turn assures that the student borrowers receive their loan proceeds in a timely and efficient manner.

(4) Reference the IT strategy from the ISD State IT Plan:

The agency servicing system provides a direct link between students attending Montana post-secondary educational institutions, their school of choice, and the loan funds that enable them to attend school. With the current system, the agency is able to provide real time answers to inquiries from all of our customers as to the status of their loans. We are also able to provide loan funds in the quickest manner possible with the direct interfaces in place to guarantee and disburse funds within a 24-hour period, if necessary. This servicing system is vital to our operations, and to our mission of providing access to higher education for all Montana residents.

(5) Rationale for not using an existing state IT resource:

An existing state IT resource is not available for this application.

(6) Estimated additional annual costs to operate:

The current servicing system costs include the costs to maintain and upgrade the system according to changes in federal regulation and upgrades in technology. The contract with our current provider will expire October 31, 2001, and the agency anticipates awarding contract for servicing in February 2001. Based on available system options, and the experience of similar size guaranty agencies in other states, MGSLP anticipates an increase in the amount of servicing fees over the next contract period of approximately 18 percent.

(7) Impacts on current IT resources:

None.

(8) Project schedule and oversight description:

Servicing system is currently in place. However, the contract with our current provider will expire October 31, 2001, and the agency anticipates awarding contract for servicing in February 2001. Should the successful bidder be the same vendor, there will be no impact on ongoing servicing. Should the successful bidder be a different vendor, there will be considerable level of effort spent on system conversion, both at the agency and at the units of the Montana University System. A change in vendor will have no impact on state IT resources.

(9) Technical overview:

The current servicing system (EAGLE II) consists of a remote database that the agency accesses through dedicated phone lines. This system is extensively documented, and subject to SAS 70 system audits by the Legislative Auditor's office.

Montana State Library

5115 [Section E]

In addition to PL 1 below, the department has another decision package containing PCs. The total requests are for ten replacement computers for the agency to meet ISD minimum standards and for the NRIS program to purchase three PC workstations in order to process large volumes of spatial data.

PL 1 – Stable funding structure for NRIS (Program 07) -

(1) A description of what will be accomplished with the IT expenditures:

In NRIS, the PC workstations will process large volumes of spatial data. Every station runs a large GIS software package (ArcInfo) that has high CPU, disk, video, and monitor requirements.

(2) Impacts if the budget request for those IT expenditures is not approved:

If funds are not received, it would seriously jeopardize agency ability to continue providing state of the art technology solutions to its clientele and jeopardize growing an inventory of data that is provided to its clientele. This would not only adversely impact the many state agencies involved in natural resource management and conservation that

utilize NRIS, but the other federal, tribal and private organizations that do the same. Finally, as a program of the Montana State Library, there is an obligation to the citizens of Montana to provide the best, most timely and accurate natural resource information in a user friendly, widely-accessible format.

(3) Intra- and Inter-agency benefits of the IT expenditures:

These software and hardware costs are crucial for the continued improvement of the NRIS clearinghouse services and will benefit all users of the natural resource information system including federal, state, local, and tribal governments, the private sector and the citizens of Montana.

Montana Historical Society

5117 [Section E]

In addition to the IT requests below, the department has requests in the "minor computer hardware" expenditure account 62245 in several other decision packages for purchase of PCs new FTE that the department is requesting.

NP 10 – Online Public Record Access (Program 01) -

(1) A description of what will be accomplished with the IT expenditures:

IT consulting and professional services will be utilized to provide the technical support for the software purchased. The software will be unique to the agency (archival and museum data bases) and unsupported by the Department of Administration. Purchase of the software and utilization of technical support will enable the society to begin managing information about its archival holdings, books, historic photographs, museum objects, art, and historic site records in a professional electronic format. In addition, it also will enable the society to begin providing that information online and to link with other museum/library organizations that offer electronic information.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the expenditures are not approved the society will be unable to perform electronic artifact, archival, and collection data management, be unable to provide information electronically to the public, and will be faced with an even larger backlog of electronic cataloging.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The intra- and inter-agency benefits will be the electronic access to collections information within the agency, to the public, and to other agencies and the ability to redirect laborious staff efforts currently focused on old-fashioned cataloging to better provision of public information.

Department of Environmental Quality

5301 [Section C]

In addition to the IT items outlined below, the DEQ has requests in the "minor computer hardware" expenditure account 62245 in several other decision packages related to the purchase of laptop computers and PCs for several new FTE.

PL 1 – Central Management Program Base Adjustments (Program 10) -

(1) A description of what will be accomplished with the IT expenditures:

This will continue automation and conversion of agency financial databases to meet SABHRS and Oracle standards. There also is budgeted increased travel and training costs due to the need to train new and existing staff in new technology, the need for certain staff to travel out of state for training, and additional travel for the internal auditor to perform more contract audits.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to approve these IT expenditures will cause decreased productivity by DEQ staff, delayed response to agency customers (primarily the public and the regulated industries), and delay implementation of standardized agency-wide, "Enterprise" database. Additionally, the department will not be able to complete the database conversion projects and comply with the IT standards set by the Department of Administration. These IT expenditures will contribute towards the enterprise database for the department programs.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Funding will provide a database to share information among different programs within the department, other agencies and the general public. These expenditures are necessary for DEQ to comply with the IT standards set by the Department of Administration and include base adjustments for the Central Management Program.

PL 46 – DEQ Database Development (Program 10) -

(1) A description of what will be accomplished with the IT expenditures:

DEQ has much to gain by consolidating its data into an information management system. Development of such a system will reduce the redundancy associated with maintaining several project-level databases, increase overall efficiency by centralizing many database maintenance tasks, and provide the means for increased access to department information, not only by department staff, but also by agencies and individuals outside the department.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to approve these IT expenditures will cause decreased productivity by DEQ staff, delayed response to customers, and delayed implementation of a standardized agency-wide database. Additionally, DEQ will not be able to complete the database conversion projects and comply with the IT standards set by the DofA. These IT expenditures will contribute towards the enterprise database for the department programs.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Candidates for consolidation include information needed by management in order to make decisions which cross program lines, information developed by one program which may be of use to many other programs, administrative data common to all programs, and information of use to agencies and individuals outside of the department. The need to integrate geographic information systems (GIS) technologies into the department's information systems and the ability to access these information systems through the Internet or through an Intranet are also factors, which strongly encourage the consolidation of the DEQ databases.

PL 43 – Database Storage System (Program 10) -

(1) A description of what will be accomplished with the IT expenditures:

Data growth rate at the DEQ has been approximately 100 percent per year. As of March 1, 2000, the department has 14 network servers with a total of 741 gigabytes of storage. New database technologies, document imaging, geographic information systems and other new applications are currently being implemented. These will significantly increase the data storage growth rate. DEQ is currently forecasting the need for a composite of at least 2 terabytes of data storage by September of 2001. By purchasing a data storage array, DEQ will reduce liabilities on individual server failures and allow this storage to be dynamically configured as storage requirements change.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to approve these IT expenditures will cause decreased productivity by DEQ staff and the same other negative impacts listed in the request above.

(3) Intra- and Inter-agency benefits of the IT expenditures:

This storage array would service network servers located in the Metcalf building that operate in either the NetWare or Windows NT Server environments. Other DEQ sites would access data in the Metcalf building (as they currently do) that would be located on this array. A long-term savings could possibly be realized because servers with less individual storage could be purchased.

NP 42 – Restricted Database Development (Program 40) -

(1) A description of what will be accomplished with the IT expenditures:

These funds would be expended at the program level. As the department undertakes efforts to standardize and consolidate its database systems, as well as to update systems to meet state standards, there will be a need for complementing activity at the program level. Projects have been initiated in the current biennium to improve public access to program information via the Internet, to upgrade information systems to take advantage of software improvements and to ensure operability in the current network environment, to consolidate facility information from multiple programs in a standardized information system, to begin to implement the federal facility identification template for states (FITS), and to consolidate administrative information from various programs (e.g. contracts and task orders).

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to approve these IT expenditures will cause decreased productivity by DEQ staff, delayed response to customers, and inability to complete the database conversion projects and comply with the IT standards set by the DofA.

(3) Intra- and Inter-agency benefits of the IT expenditures:

These funds would allow for continuation of database conversion efforts and initiate modifications to the underground storage tanks database to better track compliance information for the new private sector inspection program, modifications to the underground storage tanks database to communicate registration fee information to the Department of Revenue's One Stop Licensing Program, and enhancements to the user interface and security modules of the information systems serving the division in order to prevent unauthorized or accidental modification to program data.

PL 20- Opencut Base Adjustments (Program 50) -

(1) A description of what will be accomplished with the IT expenditures:

The program normally has a high school intern employed throughout the year to aid with filing, preparing items for microfiche, computer projects, etc. In the base year, there was an intern for only two months. The ongoing database development will require on occasion programming.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to approve these IT expenditures will delay services to DEQ customers.

(3) Intra- and Inter-agency benefits of the IT expenditures:

These IT expenditures will contribute towards the enterprise database for the department programs. This will provide a database that shares information with different programs within the department, other agencies and the general public. These expenditures are necessary for department to comply with the IT standards set by the DofA.

PL 21- Coal & Uranium Base Adjustment (Program 50) -

(1) A description of what will be accomplished with the IT expenditures:

Same as PL 20 above, plus an increase in computer replacements of \$6,000 each year and an increase in consulting costs of \$2,000.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to approve these IT expenditures will cause decreased productivity by DEQ staff.

(3) Intra- and Inter-agency benefits of the IT expenditures:

These IT expenditures will contribute towards the enterprise database for the department programs.

PL 22- Water Permits Base Adjustment (Program 50) -

(1) A description of what will be accomplished with the IT expenditures:

Additional funding is being added for database maintenance for a new Oracle system and the replacement of printers, fax machine or computers due to equipment failure.

(2) Impacts if the budget request for those IT expenditures is not approved:

The department will not be able to complete the database conversion projects and comply with the IT standards set by the DofA.

(3) Intra and Inter-agency benefits of the IT expenditures:

Database maintenance adds \$10,000 for approximately 100 hours of programming, plus development to keep the Oracle database in line with the enterprise-wide database of the department and allow for needs of new programs such as storm water phase II.

PL 23- Subdivision Base Adjustment (Program 50) -

(1) A description of what will be accomplished with the IT expenditures:

Funds are being added for database management to assure that the new Oracle database is maintained properly and for the replacement of printers, fax machine or computers.

(2) Impacts if the budget request for those IT expenditures is not approved:

The department will not be able to complete the database conversion projects and comply with the state IT standards.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Database maintenance adds \$5,000 for approximately 50 hours of programming and development to keep the Oracle database in line with the enterprise-wide database of the DEQ

PL 39 – Solid Waste Database Conversion (Program 50) -

(1) A description of what will be accomplished with the IT expenditures:

This request upgrades the existing solid waste program (SWP) AREV database, which is DOS-based software, to the department supported Oracle system. The AREV database is currently used to track license renewal information, receipt of fees, new applications, inspections and compliance, complaints referred to the program, as well as ground water monitoring data. The existing database does not interface with the Microsoft windows platform utilized by the department. The conversion of the SWP information system from AREV to Oracle will allow for the integration of the solid waste data into the department wide system and will ultimately improve program productivity and performance. This will also add to maintenance and trouble shooting of the system in FY 2003.

(2) Impacts if the budget request for those IT expenditures is not approved:

The department will not be able to complete the database conversion projects and comply with the state IT standards.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Database maintenance of programming and development to keep the Oracle database in line with the enterprise-wide database of the department.

PL 41 – Junk Vehicle Database Conversion (Program 50) -

(1) A description of what will be accomplished with the IT expenditures:

This upgrades the existing junk vehicle (JV) program AREV database to the department supported Oracle system. The AREV database is currently used to track license renewal information, receipt of fees, new applications, inspections and compliance, complaints referred to the program, as well as crushing performance and recycling data for all county JV facilities and licensed motor vehicle wrecking facilities. The program also uses other databases to track revenues received through vehicle registrations from each county, and to calculate such things as, annual JV county grants, county expenditures and monthly program financial status. The existing databases continue to be problematic and are not capable of meeting the needs of the ongoing regulatory, licensing, and county grant duty of the program. The current system is DOS-based software and does not interface well with the Microsoft Windows platform utilized by the department. Intra or inter-agency benefits include the database complying with the department database enterprise.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to approve these IT expenditures will cause decreased productivity by DEQ staff and delayed response to customers. Additionally, the department will not be able to complete the database conversion projects and comply with the IT standards.

(3) Intra and Inter-agency benefits of the IT expenditures:

This enterprise system allows integration of all media databases into a comprehensive environmental information system. If approved, the database conversion will take place during FY 2002 at an approximate cost of \$60,000. An additional \$18,000 will be required for maintenance and trouble shooting of the system in FY 2003.

PL 68 – AWMB Database Maintenance (Program 50) -

(1) A description of what will be accomplished with the IT expenditures:

These databases are used to track air emissions, air quality fees and air quality permits, hazardous waste generator and handler information, asbestos project permits, compliance actions and accreditations.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to approve these IT expenditures will delay DEQ implementation of its standardized agency-wide enterprise database.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Database maintenance activities would include ongoing technical support by the system designer, minor repairs to correct program "bugs" identified during normal operations, minor modifications to address change program priorities

or business practices, and system modifications to provide additional functionality to the department, the public and the regulated community.

**Table I-5
Agency Summary of Significant IT Decision Packages
For Department of Environmental Quality**

| Budget Item | IT PL Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total IT Adjustments Fiscal 2002 | IT PL Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total IT Adjustments Fiscal 2003 | Total It Adjustments Fiscal 02-03 |
|---------------------------|-------------------------------------|------------------------------------|--|-------------------------------------|------------------------------------|--|---|
| IT FTE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Expenditures | | | | | | | |
| Personal Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 350,000 | 0 | 350,000 | 0 | 0 | 0 | 350,000 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 350,000 | 0 | 350,000 | 0 | 0 | 0 | 350,000 |
| Funding | | | | | | | |
| Federal Special | 350,000 | 0 | 350,000 | 0 | 0 | 0 | 350,000 |
| Total Funds | 350,000 | 0 | 350,000 | 0 | 0 | 0 | 350,000 |

Note: This table contains only costs for decision packages that have been identified as significant IT decision packages (as defined by OBPP).
The table does not include inflationary/deflationary affects nor does it include IT objects of expenditure that are within other proposals not identified as significant IT decision packages.

PL 45 – One Stop Grant for Information Technology (Program 20) - FY 2002 \$350,000 Biennial-

(1) A description of what will be accomplished with the IT expenditures:

The federal One Stop Grant is furnished to those states that have demonstrated an initiative and the capability to further the goals of the Environmental Protection Agency (EPA) in regards to Information Technology. The goals of the one stop initiative are to consolidate and catalogue regulated entities and to provide for data sharing with other government agencies and the public.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the federal spending authority is not approved, it will increase the DEQ timeframe for conversion and enable the EPA to award funds to another state.

(3) Intra- and Inter-agency benefits of the IT expenditures:

This grant will provide the DEQ with additional resources to further enhance ongoing data conversions of Air, Water and Waste databases from old DOS into an "Enterprise" Oracle environment.

(4) Reference the IT strategy from the ISD State IT Plan:

The DEQ goal is to provide a total picture of the environment to better serve its constituents and guide the agency in making decisions that affect health and safety. This federal grant will augment that ongoing process.

(5) Rationale for not using an existing state IT resource:

There are no financial resources at ISD to covert databases to Oracle.

(6) Estimated additional annual costs to operate:

There will be costs for future enhancements of the enterprise-wide databases; however, these costs will be less than trying to maintain a variety of 60 databases in DOS that are not supported by ISD.

(7) Impacts on current IT resources:

The department has reorganized its IT resources to achieve the agency goal of an enterprise-wide database, to meet state standards, and facilitate interaction with all of its constituents.

(8) Project schedule and oversight description:

The department is committed to a three to five year plan for consolidation involving approximately 60 proprietary databases.

(9) Technical overview:

The first condition of the grant is to develop a 120-day plan that defines all deliverables for the grant. This will be accomplished with the assistance of EPA and their contractor. Work will not begin on this grant until the 120-day plan is approved by EPA.

The Department of Transportation

5401 [Section A]

In addition to larger initiatives, the department has requests in the "minor computer hardware" expenditure account 62245 in several other decision packages. These requests related to the purchase of computer hardware for new FTE that the department is requesting, laptop computers for the Motor Carrier Services Division, and telephone equipment for the road reporting program.

PL 2 -- Computer/Networking Equipment (Program 01) -

(1) A description of what will be accomplished with the IT expenditures:

Departmental strategic objectives can be met. Some of the objectives require expanded functionality of the MDT project, activity and costs based accounting systems, federal reimbursements, funding management, documents management, project management, electronic records center, E-government (including support for public involvement), Intranets and management information systems. These network equipment/software expenditures requested here will support the flow of data & other media traffic across our networks as needed by the applications serving our managers, employees and external customers. Applications supported are critical to meeting department strategic planning objectives. Increasing public involvement, enhanced decision making and issues identification around transportation infrastructure, construction projects, funding, human resources, equipment, and cash management are examples of areas of strategic focus.

(2) Impacts if the budget request for those IT expenditures is not approved:

The applications supporting department strategic objectives will not work or at a minimum will not be used because of the frustration customers and employees experience with poorly performing applications. These expenditures will support the above applications and systems services that are unique to by the Department of Transportation. If these expenditures are not approved, then the department will not attain its strategic goals and objectives as outlined in the department's strategic plan.

(3) Intra- and Inter-agency benefits of the IT expenditures:

These servers and the improved network will benefit the department via improved public involvement and their satisfaction as well as that of the Motor Carriers Association, Contractors Association, contractors, vendors, FHWA, most governmental entities and many more. It benefits MDT internal operations a great deal as well. Please refer to the department's strategic plan for a detailed explanation of the benefits.

PL12 -- CADD (Program 02)-

(1) A description of what will be accomplished with the IT expenditures:

These IT purchases will satisfy the vast computer aided design requirements of the department's 350 plus users within this department. The number of employees requiring CADD continues to increase at a rapid rate; therefore, equipment increases are a must. In today's world, very little design is developed outside of the CADD environment.

(2) Impacts if the budget request for those IT expenditures is not approved:

If this budget were not approved the possibility exists that projects could fall well short of meeting deadlines due to a lack of resources.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Providing users these quality tools will allows MDT to deliver projects in a timely manner and decrease internal error. This will go a long way in satisfying the needs of the department's internal and external clients.

NP 7 -- Computer Software for Safety Management (Program 02) -**(1) A description of what will be accomplished with the IT expenditures:**

What the department would like to accomplish with the requested information technology item is to hire a consultant to change the current access analysis program to satisfy the requirements of its new state plane coordinate system.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the request is not approved, MDT would continue working with an obsolete system and would not be able to provide the accuracy required satisfying this type of analysis.

(3) Intra- and Inter-agency benefits of the IT expenditures:

By providing the department a system of this type, the amount of internal error is decreased and the best possible product is delivered.

**Table I-6
Agency Summary of Significant IT Decision Packages
For Department of Transportation**

| Budget Item | IT PL Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total IT Adjustments Fiscal 2002 | IT PL Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total IT Adjustments Fiscal 2003 | Total It Adjustments Fiscal 02-03 |
|---|-------------------------------------|------------------------------------|--|-------------------------------------|------------------------------------|--|---|
| IT FTE | 0 | 4.00 | 0 | 0 | 4.00 | 0 | 0 |
| Expenditures | | | | | | | |
| Personal Services | 0 | 191,028 | 191,028 | 0 | 191,709 | 191,709 | 382,737 |
| Operating Expenses | 955,583 | 250,000 | 1,205,583 | 967,299 | 200,000 | 1,167,299 | 2,372,882 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 955,583 | 441,028 | 1,396,611 | 967,299 | 391,709 | 1,359,008 | 2,755,619 |
| Funding | | | | | | | |
| State/Other Special | 955,583 | 441,028 | 1,396,611 | 967,299 | 391,709 | 1,359,008 | 2,755,619 |
| Total Funds | 955,583 | 441,028 | 1,396,611 | 967,299 | 391,709 | 1,359,008 | 2,755,619 |
| Note: This table contains only costs for decision packages that have been identified as significant IT decision packages (as defined by OBPP). The table does not include inflationary/deflationary affects nor does it include IT objects of expenditure that are within other proposals not identified as significant IT decision packages. | | | | | | | |

PL3 - PC and Laser Printer Replacement (Program 01) - \$296,119 FY 2002; \$296,119 FY 2003

*Note: Except for personal computers (PCs), IT items over \$300,000 for the biennium are captured in special tables and nine questions are answered. The department answered the nine questions for this PC purchase Decision Package because of the magnitude of the request.

(1) A description of what will be accomplished with the IT expenditures:

The department's strategic objectives and continual improvement of operational procedures can be met.

(2) Impacts if the budget request for those IT expenditures is not approved:

The agency will not realize full returns on its existing investments like the Transportation Information System (TIS), Maintenance Management System (MMS), Outlook 98, etc. In addition, old equipment/software is not capable of operating new biennium directions (Windows 2000, AASHTO modules, Office 2000, GIS, etc.). Inefficiencies will greatly increase. If the older equipment and software is allowed to remain, provisions must be made to support it. This means employee training, software/hardware installations, procedure development and problem resolutions will all have unique issues for addressing these unique systems.

(3) Intra- and Inter-agency benefits of the IT expenditures:

A unified enterprise with unified investments supports efficiencies and economies of scale.

(4) Reference the IT strategy from the ISD State IT Plan:

This replacement cycle for PCs has been supported by the previous two legislative sessions for all agencies. The department's strategic objectives and continual improvement of operational procedures can be met.

(5) Rationale for not using an existing state IT resource:

N/A - This request is for computer and printer replacement.

(6) Estimated additional annual costs to operate:

There would be no additional costs associated with this request. In fact, it will cost more to operate and support the old equipment versus the new. If the older equipment and software remains, provisions must be made to support it. This means employee training, software/hardware installations, procedure development and problem resolutions will all have unique issues for addressing these unique and (different) systems. MDT would need additional FTE or contracted services to support the old systems and would be unable to meet departmental strategic objectives.

(7) Impacts on current IT resources:

Impacts are positive. There will be uniform training, support, problem resolutions, uniform procedures, better communications and more. In short, there is less of an impact (investment wise) if the department keeps technology current and within accepted standards.

(8) Project schedule and oversight description:

Project scheduling and project management oversight will be controlled by members of the Information Services Bureau (ISB) management team. This includes the ISB bureau chief, operations supervisor, systems & networks supervisor, help desk supervisor and systems administrators. At a minimum, weekly meetings are held to steer schedules, assessing deployment issues/status/responses and assessing post deployment success or downfalls in order to improve future systems deployment projects.

(9) Technical overview:

Major deliverables include new systems that are installed properly and that work. Employees are also trained to use the systems. Employees are given a form to sign. When they accept and are satisfied the new system is working properly, the form is signed and filed.

PL 4 - Contracted Services – ISB (Program 01) - \$492,654 FY 2002; \$492,654 FY 2003 –

(1) A description of what will be accomplished with the IT expenditures:

Primary justification revolves around providing Montana customized applications that will support specific department systems integration needs. These systems need to integrate with funds and cash management systems, SABHRS, document management with workflow processing, and statewide IT capabilities related to e-commerce (electronic payments, etc.)

(2) Impacts if the budget request for those IT expenditures is not approved:

Integration of fuel tax systems to departmental strategic applications will not be met. Also, the department will be exposed and vulnerable to MAJOR issues down the line if the current contract vendor is divested from the parent company. In the case of PSBM, the department will need to have ISB support the system, which will pull an ISB resource off of a high priority strategic objective, or the department will need to discontinue the use of PSBM.

(3) Intra-and Inter-agency benefits of the IT expenditures:

These systems will benefit the department via improved service to fuel tax taxpayers and agencies sharing in the revenues. Please refer to the department's strategic plan for a detailed explanation of the benefits. PSBM assists managers throughout the department manage authorized FTE and related dollars and provides a decision making tool that can assist with manpower planning. PSBM may become a tool other agencies will want to utilize.

(4) Reference the IT strategy from the ISD State IT Plan:

Please refer to the department's strategic plan.

(5) Rationale for not using an existing IT resource:

Existing IT human resources (internal and contracted) cannot accomplish the department's strategic objectives if not augmented. All existing human resources will be used.

(6) Estimated additional annual costs to operate:

Ongoing costs will be contained within the future base authority if these requests are approved. For TS fuel tax modules, once developed, ongoing costs for supporting and maintaining these systems will be less, or certainly no more, than existing costs for maintaining the current modules. Most of the ongoing support will be provided by ISB resources. Some exceptional needs may be contracted out, to the original development service provider, on a case-by-case basis.

(7) Impacts on current IT resources:

Most impacts will involve ISB resources involved in project management tasks during development and eventually with ongoing support. Equipment, software and network requests will accommodate these systems.

(8) Project schedule and oversight description:

The above projects will be managed by the contract service providers hosen along with departmental oversight and project management from Information Services Bureau (ISB) contract and technical experts. In addition, key departmental business unit leaders/experts must participate. All together, these people constitute the project management oversight team. Typically, project schedules are developed prior to the contract signing. Milestones, human resources, roles of involved players, payment schedules tied to work performed and deliverables, timelines, implementation options, user training activities, manuals, resources needed for the ongoing support of the system after its development has been fully delivered, etc. are all agreed on prior to project commencement. Once the project begins, the project plans are used to assist the team with understanding how well the project is being performed. At a minimum, formal meetings are held twice monthly. The meetings require project status reports from key members of the team. From the status information, follow up action item activities are identified and pursued in order to keep the risks to satisfactory project completion, at a minimum.

(9) Technical Overview:

Major deliverables include new systems that are tested and installed properly and user training is completed. Customers will use the ISB problems/resolutions tracking system and this is used to evaluate our success or failures with these deployments. This system is driven by our customers.

PL 7 - Lockheed Martin (Program 01) - \$462,929 FY 2002; \$474,645 FY 2003 -

(1) A description of what will be accomplished with the IT expenditures:

The department has a continuing contract with Lockheed Martin - IMS to provide services and system support to MDT with regard to MOTRS (Montana Tax and Revenue System). The system is provided to MDT through Lockheed as a single, fully automated and integrated motor carrier registration (including permitting) and fuel tax system with automated and integrated programs for accounting, auditing, cashiering, and accounts receivable.

(2) Impacts if the budget request for those IT expenditures is not approved:

The department relies on this Integrated Tax and Revenue system to provide service and processing for multiple areas such as:

- a. IFTA program
- b. IRP program
- c. Permitting program
- d. SSRS program
- e. Other tax type programs (Distributors, contractors, CNG, LPN)
- f. Fuel tax refunds program
- g. Accounts Receivable and Accounts Payable for the above program
- h. Cashiering for the above programs
- i. Financial integration to SABHRS and some internal systems for the above programs.

Without these areas of functionality, the Department would have to manually process and provide the services this system does or develop these systems via another outside source or internally with our IT shop.

(3) Intra and Inter-agency benefits of the IT expenditure:

See answer to #2

(4) Reference the IT strategy from the ISD State IT Plan:

See answer to #1 and #2 above

(5) Rationale for not using existing state IT resources:

Not applicable

(6) Estimated additional annual costs to operate:

See answer to #1 above. These costs include anticipated additional costs to keep the system current with software and hardware technology standards.

(7) Impacts on current IT resources:

The impact on current IT resources will not be any different than current base level needs.

(8) Project schedule and oversight description:

The majority of the costs are for current operation of the existing system. The additional costs shown relating to enhancements will be with the Service Level Provider to enhance the system or improve its functionality.

(9) Technical Overview:

Not applicable here as the integrated system is in operation at this point. The training and manuals are in place. As enhancements, etc. occur then additional training and updates to current manuals will be completed as part of the deliverables

NP 1 - IT Personnel Support (Program 01) - \$191,028 FY 2002; \$191,709 FY 2003 -

(1) A description of what will be accomplished with the IT expenditures:

One FTE will be used to develop CVIEW module integration and maintain a statewide network of desktop and laptop computers used by MCS and three specific software packages used by MCS (ASPEN, MDT Dyed Fuel software and Lockheed Routing and Permitting Software). A second FTE will be used to support the development of the statewide public roads GIS transportation layer. A third FTE will be used to perform oversight of work in progress as well as other contract development and provider compliance related matters. A fourth FTE will be used to implement systems based on department strategic planning.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the first FTE requested is not approved, then the success of these customer driven programs is at stake. A dedicated technical human resource, with explicit MCS program support duties, ensures the care these programs deserve and require. If the second requested FTE is not approved then it is highly unlikely this program will be successful. This program benefits all entities needing a transportation GIS layer. This includes counties, cities, private sector interests, federal entities, tribal governments and other statewide agencies. All future roadway transportation related applications will be able to take advantage of this GIS framework. If the third FTE requested is not approved, MDT will not properly oversee IT contracts, work orders and contracted projects. This will increase the risk of not meeting departmental strategic objectives. If the fourth FTE requested is not approved, our highest priority strategic objective will not likely be met.

(3) Intra-and Inter-agency benefits of the IT expenditures:

Please refer to the above answers to the first two questions.

(4) Reference the IT strategy from the ISD State IT Plan:

Please refer to the above answers to the first two questions.

(5) Rationale for not using an existing state IT resource:

Existing IT human resources (internal and contracted) cannot accomplish all department strategic objectives if not augmented. All existing human resources are being used for high priority department systems support and/or meeting department strategic objectives.

(6) Estimated additional annual costs to operate:

Annual costs for human resources approved will become a part of the base. Estimated costs are \$220,000 per year.

(7) Impacts on current IT resources:

Some impact is realized within the management and supervisory IT HR structure and related responsibilities. Additional employees require additional oversight, etc. Their needs for related IT equipment and software and training will be accounted for within our base budgets.

(8) Project schedule and oversight description:

The department uses an employee performance appraisal process.

(9) Technical overview:

N/A

NP 5 -- Governmental Electronic Commerce (Program 01) - \$250,000 FY 2002; \$200,000 FY 2003 --

(1) A description of what will be accomplished with the IT expenditures:

This request is for IT Consultant and Professional Services (account 62136) and minor computer equipment (account 62245) to design, implement and maintain Electronic Commerce.

(2) Impacts if the budget request for those IT expenditures is not approved:

Not approving this request will result in:

- a) Lack of electronic access by public for information, payments, and receipts. Without this functionality MDT will experience time delays and incur more costs to process and provide information requested.
- b) Lack of information available. Only Electronic Commerce will make some of this information available in a timely basis and with a reasonable cost factor.
- c) Inability to provide information to legislature, other agencies, governments, etc.. in a timely fashion.
- d) Spending more monies on internal controls, processes, and procedure, resulting in an inefficient use of state resources.
- e) Inability to provide better and more services to our customers. We cannot make it easier to achieve a level of automation and savings that many private sector companies are enjoying.

(3) Intra and Inter-agency benefits of the IT expenditures:

GEC will enable MDT and state government to reap many benefits such as:

- a) reduced processing costs with on-line ordering, payment, and fulfillment
- b) more effective delivery of services to our customers
- c) customer self-service with 24-hour availability on many services
- d) personalized customer information
- e) a wider selection of products and services
- f) transaction integrity and authenticity
- g) improved revenue activities (electronic tax payment)
- h) decreased administration costs (including less paperwork)
- i) new marketing and distribution channels
- j) see others in justification portion of this EPP

(4) Reference the IT strategy from the ISD State IT Plan:

The current State IT Plan specifically addresses EC. During 1998, the Information Technology Advisory Council (ITAC) created the Electronic Commerce Subcommittee. They drafted legislation to enable all state agencies to incorporate EC technology in their business processes. This draft was given to the Office of the Secretary of State for further development. The purpose of the legislation is to enable agencies to accept electronic transaction, create uniform definitions of key terms, and create the legal authority for the Secretary of State to regulate certification authorities (digital signature).

As we move on in time EC plays an increasing role in all our activities. Hopefully we will continue to offer more services using EC technology, as is the private sector. This will only help us and our customers interact in a more efficient and effective manner by reducing paperwork, increasing customer interaction with systems, and increasing the quality and amount of information disseminated to the public. The request will also further the ability of MDT to implement our strategic plan.

(5) Rationale for not using an existing state IT resource:

Using state IT resources is not applicable in this request.

(6) Estimated additional annual costs to operate:

The 1.00 FTE requested is the only additional IT resource that will be required to maintain the implemented systems. The minimal additional costs to operate and maintain will be offset by the reduction of costs when the implementation is accomplished.

(7) Impacts on current IT resources:

This request is for contracted services. The entire development process will require participation from current IT resources. This impact is being addressed in the ISB budget and current base.

(8) Project schedule and oversight description:

The project will involve JAD sessions and MDT and state documentation and assessment requirements. The proposed schedule is:

| <u>Phase</u> | <u>Time frame</u> |
|------------------------------------|------------------------|
| a. Bid process | July 1-September 30 |
| b. Analysis and risk assessment | October 1-December 31 |
| c. Design | January 1-June 30 |
| d. Development | July 1-September 30 |
| e. Testing | October 1-October 30 |
| f. Implementation | November 1-November 30 |
| g. User acceptance testing | December 1-December 31 |
| h. Support/core fixes/enhancements | January 1-June 30 |

Project oversight will be a combination of team members from MDT and consultants. Periodic meetings will be held and project updates will be submitted. The project will be managed through the Accounting Services Bureau.

(9) Technical Overview:

The MDT GEC project contract will require these items to be identified as part of the process.

Department of Livestock

5603 [Section C]

PL 3 – Information Technology Equipment (Program 01) -

(1) A description of what will be accomplished with the IT expenditures:

The department will maintain the four-year replacement cycle of IT equipment. It will be able to purchase replacement equipment and expanded functionality within department projects. This request will support the flow of data and other media traffic across the agency's network as needed by the applications serving our managers, employees and external customers.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the replacement equipment is not approved, the agency performance will be reduced. The department has adopted ISD standards and is maintaining the four-year replacement schedule. If the agency has poorly performing applications and equipment, it will experience frustration with its customers such as other state agencies, private organizations and other external customers.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The replacement equipment will improve network communication and performance via improved public services as well as state communication between agencies.

PL 12 -- Equipment Replacement (Program 25) -

(1) A description of what will be accomplished with the IT expenditures:

Upgrade of the current Unix computer system will accommodate GIS requirements and the purchase of a 36" color plotter.

Sun Unix Workstation Ultra 10 - Upgrade current Unix computer system (hardware/software) to increase RWRCC capabilities to handle the growing needs and use of GIS data by Commission staff. Present system is six years old and is outdated.

36" Wide Color HP Plotter -- will convey complex natural resource management concepts through the use of maps to illustrate land use, water use, wildlife habitat, vegetation coverage, and mineral deposits. The program staff members are now using a 36" wide color plotter to generate large maps, which are crucial. In order to continue producing quality large scale maps and graphics we need to anticipate replacing our current plotter. With suggested use, the current plotter should be replaced in FY2003.

(2) Impacts if the budget request for those IT expenditures is not approved:

Both the Sun Workstation and plotter will reach their intended life within the next biennium. Maintenance costs for both pieces of equipment will be extraordinary due to the age of the equipment. Staff may be unable to use GIS data with existing machine.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Information compiled in both the Sun Workstation and mapping completed on the plotter provides information for Water Resources Division, Forestry, and Trust Land Management. Information is also shared with Tribal and federal entities when negotiating water right compacts, and is available through the NRIS Internet site.

PL 9 -- Assessment Re-Write (Program 35) -

(1) A description of what will be accomplished with the IT expenditures:

Convert the Fire Protection Assessment Computer System from a mainframe to a PC based System. Advantages include the ability to perform ad hoc queries, increased user efficiency, greater ease of training, and compatibility with Geographic Information System (GIS) applications.

This proposal is submitted in response to the need to update the existing fire protection assessment computer system. The current program has already been in use longer than was originally expected. Additional enhancements and refinements could also be added to allow more efficient operation and assessment of fees.

(2) Impacts if the budget request for those IT expenditures is not approved:

Additional maintenance costs for a mainframe system that over a biennium could exceed the cost of the re-write.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Reinvesting in the program by updating it to current technological standards will help ensure a stable and secure flow of revenue from the assessment of state and private landowners. Current standards would also allow effective electronic communication with County Assessors as well as the Department of Revenue.

PL -- 27 Phase II Slash Program (Program 35)--

(1) A description of what will be accomplished with the IT expenditures:

Phase II of the Slash Program would develop a compatible ACCESS program to interface with the master program in Missoula. Phase I of the new ACCESS slash computer program is nearing completion. It is specific to the statewide accounting and database maintained in the Service Forestry Bureau in Missoula and will integrate all forestry offices and purchaser mills with the Missoula master program.

(2) Impacts if the budget request for those IT expenditures is not approved:

Additional cash would be available in the state special revenue account.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Field offices would have access to the slash computer program and better serve the private sector.

PL 1 – Information Systems Support (Program 02) -**(1) A description of what will be accomplished with the IT expenditures:**

The POINTS upgrade and integration will utilize enhanced, commercial off-the-shelf Computer Assisted Mass Appraisal (CAMA) software. The base funding will be adequate for FY 2002, since one half of the year is covered under warranty. In the second year, the costs to support the Vision CAMA product will include project management and programmer analysts time to modify the system in response to changes in law, upgrades for later releases, and similar maintenance activities.

(2) Impacts if the budget request for those IT expenditures is not approved:

The department plans to purchase off-the-shelf software and the license to operate it in the POINTS environment. This means the agency will not have access to the source code that causes this application to perform the required functions. In the event there are later releases of this code, changes in the POINTS application for other reasons, or maintenance and changes required because of legislative enactments, DOR must be in a position to hire these changes to be made in order to continue to operate in compliance with the law. DOR will not be in a position to make these changes in-house.

(3) Intra and Inter-agency benefits of the IT expenditures:

The intra-agency benefits are the ability to perform statewide reappraisal using this software application and the technology behind it. Were it not for this technological solution to the DOR requirements, the department would either have to request significantly more staff to perform this function or request a significantly extended cycle for the reappraisal process.

PL 2 – Education & Training (Program 05) -**(1) A description of what will be accomplished with the IT expenditures:**

The IT expenditures will provide highly technical training on the latest versions of software related to specialized cartographer or statistical analysis.

(2) Impacts if the budget request for those IT expenditures is not approved:

If training is not provided for these specialized areas, department employees will be unable to operate effectively and efficiently in the IT environment.

(3) Intra and Inter-agency benefits of the IT expenditures:

As department employees are trained externally, they can in turn provide internal training to the rest of the DOR staff. In addition, they will be positioned to maintain the systems relied upon by the department and other agencies whether that be the Office of Budget and Program Planning relying on revenue reporting or other agencies relying on the GIS database.

PL 3 – Property Valuation Improvement Fund (Program 08) –

This proposes purchasing equipment (e.g. personal computers, microfiche readers, photocopier leases, printers) to allow improved public access to property valuation data.

**Table I-7
Agency Summary of Significant IT Decision Packages
For Department of Revenue**

| Budget Item | IT PL Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total IT Adjustments Fiscal 2002 | IT PL Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total IT Adjustments Fiscal 2003 | Total IT Adjustments Fiscal 02-03 |
|--|-------------------------------------|------------------------------------|--|-------------------------------------|------------------------------------|--|---|
| IT FTE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Expenditures | | | | | | | |
| Personal Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 0 | 189,600 | 189,600 | 0 | 189,600 | 189,600 | 379,200 |
| Equipment | 0 | 71,484 | 71,484 | 0 | 0 | 0 | 71,484 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 0 | 261,084 | 261,084 | 0 | 189,600 | 189,600 | 450,684 |
| Funding | | | | | | | |
| General Fund | 0 | 261,084 | 261,084 | 0 | 189,600 | 189,600 | 450,684 |
| Total Funds | 0 | 261,084 | 261,084 | 0 | 189,600 | 189,600 | 450,684 |
| Note: This table contains only costs for decision packages that have been identified as significant IT decision packages (as defined by OBPP). The table does not include inflationary/deflationary affects nor does it include IT objects of expenditure that are within other proposals not identified as significant IT decision packages. | | | | | | | |

NP 1 - GIS Maintenance (Program 01) - \$261,084 FY 2002; \$189,600 FY 2003 -

(1) A description of what will be accomplished with the IT expenditures:

Within the GIS request there are IT expenditures related to two components:

- DOR FTE and hardware/software will be used to maintain parcel data and information in the 47 counties that do not fund and operate their own digital parcel datasets. Funding for this component will be used to increase workstation capacity and purchase and maintain software licenses. The latest release of the GIS parcel processing software, purchased under ISD statewide purchase agreement with ESRI, require 256mg ram, large CPU, and high-end graphic display functionality.
- Provide funding so the department can enter into agreements with nine counties that have developed GIS capacity in-house. This will allow a reduction of duplicated effort, efficient cost sharing, and DOR will be ensured current and accurate parcel information in those geographic areas. The agreements allow for "open" standards, thereby increasing data access and usability nationwide.

(2) Impacts if the budget request for those IT expenditures is not approved:

Parcel data and information could not be accurately maintained on a regular basis and cost-sharing agreements with counties would not be possible.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Numerous state agencies can use current and accurate parcel fabric as a base layer for their spatial data processes and operations without the hassle and expense of collecting and maintaining it themselves. DOR uses the information to access property and track ownership in conjunction with the CAMA database, which is all part of discharging the statutory responsibility for uniform statewide valuation of property.

(4) Reference the IT strategy from the ISD State IT Plan:

The Cadastral conversion project is under the auspices of the Department of Administration ISD GIS coordinator. The IT resources will benefit the customers by providing current and accurate parcel information from a centralized operation.

(5) Rationale for not using an existing state IT resource:

N/A

(6) Estimated additional annual costs to operate:

Estimated additional annual costs include funding for contracting services, licensing maintenance and hardware purchases. Annual costs will be \$180,000 for contracts with counties to maintain the database, \$4,800 for software license maintenance, \$4,800 for GIS related training, and \$17,871 to meet the 25 percent PC replacement requirements.

(7) Impacts on current IT resources:

Impacts on current IT resources include ability to maintain parcel information using hardware/software and increase access and usability of county-based parcel information.

(8) Project schedule and oversight description:

Maintenance of the parcel information will be accomplished in 30-day cycles. DOR GIS Cartographers act as GIS Service Centers where counties send in parcel splits and changes every 30 days. Project management oversees this flow of information and cycle compliance. Project management monitors and reacts to workload, resource allocation, technical problem resolution, team training, and communication and working with counties under cooperative cost sharing agreements.

(9) Technical overview:

As counties send DOR cartographers parcel changes, the cartographer updates the digital parcel data, generates new map plots of the area, and delivers this data back to the county for assessment and other related purposes. The parcel information is maintained using GIS software and ISD developed applications running on PC workstations.

The digital data also is sent to the ISD GIS office to be loaded onto the ISD GIS Cadastral data web site for data access by the public. Performance measures include a 30-day update cycle and 99 percent parcel content accuracy rate.

Because this is a significant statewide IT investment to date, the strategy is to ensure that DOR can maintain parcel information in a timely fashion. DOR will act as a data custodian providing the resources required to carry out its mandate of property assessment using digital parcel data as a tool.

Department of Administration

6101 [Section A]

NP 3 – Accounting CMIA FTE (Program 03) –

This budget supplies the new 1.00 FTE accountant with a \$2,000 computer in FY 2002.

Program 07 (Information Services Division-ISD) of Department of Administration is the ONLY program where HB 2 and proprietary funds are included in this section of the budget book . Both are included here because the Information Technology Management Study Subcommittee recommended that a select subcommittee of the Fifty-seventh Legislature review the entire Program 07 (ISD) budget.

NP 1 - Public Safety Communications Program (Program 07) - HB 2 General Fund –

(1) A description of what will be accomplished with the IT expenditures:

The purpose of this request is to provide funding for the state Public Safety Communications Program through the general fund to meet the requirements of the Legislative Audit Division (LAD). The LAD recommended that the Public Safety Communications Program not be "subsidized through charges for central data processing services".

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to fund this request would force ISD to subsidize funding of the program through proprietary rates, which would be in direct violation of the LAD.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Funding this program will benefit agencies and the general public since existing public safety communications infrastructure is aging, typically poorly maintained, and subject to obsolescence by changing federal requirements.

NP 2 - Electronic Government (Program 07) – Proprietary Fund of \$52,909 FY2002; \$53,099 FY2003

(1) A description of what will be accomplished with the IT expenditures:

The purpose of this request is to fund an FTE to have oversight of e-government implementation using a self-funded portal model strategy.

(2) Impacts if the budget request for those IT expenditures is not approved:

ISD would have no resources to exercise full contract oversight over the selected vendor and to organize the projects on the state side for e-government services. The state would also be more vulnerable in the event that the private vendor could not meet contract requirements.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The funding of this FTE would benefit all state agencies by providing an oversight role of the portal model. This oversight role includes financial audits of the vendor, verification of code in escrow, knowledge of what source code belongs to what applications, maintaining documentation on all applications, knowledge of all security processes (including passwords), ensuring contract compliance, staffing of the governing board, and having a point of contact for agencies with complaints about the vendor. In the event that the private vendor's contract is terminated, the state needs to be in a position that we could take over the function, or keep things running during a transition phase to a new vendor.

PL 1 - Oracle Enterprise License Agreement (ELA) (Program 07) - Proprietary Fund of \$720,000 FY2002; - \$720,000 FY2003

(1) Description of what will be accomplished with the IT expenditures:

The purpose of this request is to fund the Oracle Enterprise Licensing Agreement (ELA) to be used by all state agencies through the desktop services rate. Oracle is the state standard data base software, and is used extensively by agencies for the majority of systems development.

(2) Impacts if the budget request for those IT expenditures is not approved:

This license provides 13,500 user licenses and 47 Web licenses. The ELA is estimated to cost substantially less to the state than the individual pricing model offered by Oracle. It is estimated that approximately \$500,000 to \$1,500,000 is saved in Oracle license fees through the ELA.

(3) Intra- and Inter-agency benefits of the IT expenditures:

In 1994 the state set a strategic direction of the Oracle Database Software for the enterprise and entered into a five-year license and service agreement. In 1999 the Oracle direction was affirmed for the next five years and ITAC endorsed acquisition of a five-year ELA for the Oracle database. The ELA provides 13,500 licenses (employees and contractors), 47 WEB licenses, and Silver technical support (24x7). Maintaining statewide standards is critical to the efficient development of systems throughout the agencies, provides for opportunities to easily share data, stream lines development efforts, and provides for improved employee cross training.

(4) Reference the IT strategy from the ISD State IT Plan:

This request is consistent with the plan strategies of: 1) Enterprise View, 2) Cost Effective Use of IT Resources, and 3) standardization. An Oracle ELA on behalf of all agencies ensures consistent deployment of the database throughout state government. The negotiation of a single ELA, based on total statewide needs, ensures the best prices for the state. An enterprise standard of Oracle as the state database is consistent with the strategy of standardization wherever possible for state hardware and software platforms.

(5) Rationale for not using an existing state IT resource:

N/A.

(6) Estimated additional annual costs to operate:

There is no anticipated additional annual costs through the term of this contract, which expires after FY 2005. At that time a new contract will be negotiated.

(7) Impacts on current IT resources:

None. Existing systems are not required to be converted to Oracle. The standard applies only for new development projects.

(8) Project schedule and oversight description:

Ongoing. The ELA is continually used to acquire additional licenses for new applications and provide routine upgrades to the existing installed base.

(9) Technical overview:

N/A.

PL 2 - Wide Area Network and Internet Growth (Program 07) – Proprietary Fund of \$246,000 FY2002 ; \$537,000 FY2003 -

(1) A description of what will be accomplished with the IT expenditures:

This request is for a second Internet connection to SUMMITNET, Wide Area SUMMITNET data circuit upgrades, and expansion of the ISD current Client Server Support capabilities.

(2) Impacts if the budget request for those IT expenditures is not approved:

If not funded, Internet access may become unreasonably slow. If the state Internet connection goes down, there is no backup. This is becoming more important as critical applications are moved to the Web. The WAN would not be expanded beyond its current capacity. Client Server infrastructure support would have to be funded by agency budgets.

(3) Intra-and Inter-agency benefits of the IT expenditures:

All state agencies use SUMMITNET, and state agency data network needs have grown substantially over the past several years. SUMMITNET services have been extended to include many local government entities. Internet use and E-Government applications are growing rapidly. The need for more network bandwidth is also growing rapidly as more client server applications are deployed. This request will ensure that the network will be adequate to handle the state's growing need for increased bandwidth.

(4) Reference the IT strategy from the ISD State IT Plan:

This request is consistent with "featured" initiative in the state's biennial plan. It is consistent with the vision statement, guiding principles, goals and objectives and strategic plan that have been specifically developed for electronic government. It is also consistent with the strategy of aggressive use of IT, and is identified as a key initiative (SummitNet Expansion).

(5) Rationale for not using an existing state IT resource:

N/A.

(6) Estimated additional annual costs to operate:

There are no anticipated additional costs except for additional annual maintenance fees on software and hardware, which are estimated to be under \$7,000.

(7) Impacts on current IT resources:

All impacts on the IT resources the network supports will be positive.

(8) Project schedule and oversight description:

The upgrades in capacity would occur throughout the biennium based on bandwidth demands placed on the network.

(9) Technical overview:

Network capacity will be increased on individual circuits throughout the network to meet the cumulative demands of agency application systems, Internet traffic and general agency administrative traffic.

PL 4 - PeopleSoft Maintenance (Program 07) – Proprietary Fund of \$533,000 FY2002; \$555,000 FY2003-

(1) A description of what will be accomplished with the IT expenditures:

This request is to have the proprietary fund pay for the PeopleSoft maintenance requirements, thereby spreading the cost to all funds and saving general fund.

- (2) Impacts if the budget request for those IT expenditures is not approved:**
Since ongoing maintenance is crucial to the operations of SABHRS, the system would not function properly and the system would not be supported as new versions are released.
- (3) Intra- and Inter-agency benefits of the IT expenditures:**
Ongoing maintenance of SABHRS PeopleSoft applications is required to ensure proper and adequate functionality that will benefit all of state government as a whole.
- (4) Reference the IT strategy from the ISD State IT Plan:**
This request is consistent with the plan strategies of taking an enterprise view, fostering standardization, and making the most cost effective use of IT resources.
- (5) Rationale for not using an existing state IT resource:**
N/A
- (6) Estimated additional annual costs to operate:**
Additional annual costs after FY 2003 are unknown at this time, but the increase from FY 2002 to FY2003 will be approximately 5 percent or \$31,000. It can be assumed that this cost will carry forward.
- (7) Impacts on current IT resources:**
This request will reduce the impacts of IT resources. Without the requested maintenance, there would be a great increase in personal services and/or contracted services to keep the SABHRS system in production.
- (8) Project schedule and oversight description:**
Occurs on an annual basis.
- (9) Technical overview:**
This maintenance will help SABHRS and state government as a whole by allowing access to the PeopleSoft Global Support Center (GSC). The GSC is responsible for addressing application related problems identified by customers. It will give access to PeopleSoft issued updates and fixes. Fixes are issued to address application problems identified by customers. The most common updates address payroll-related tax changes or 1099 reporting. Lastly, it will allow access to new releases of those modules purchased by the state.

PL 5 - SABHRS Finance & HRMS Upgrade Support (Program 07) Proprietary Fund of \$380,361 FY2002; \$390,504 FY2003

- (1) A description of what will be accomplished with the IT expenditures:**
This request is for 7.00 FTE and the related funding for the SABHRS Support Unit to develop a team to manage the ongoing upgrade cycles of the PeopleSoft software.
- (2) Impacts if the budget request for those IT expenditures is not approved:**
The impacts if this request is not funded would be that SABHRS would miss the opportunity to benefit from improvements in the software functionality; SABHRS version of PeopleSoft used in production will operate on an uncertified version of ORACLE; and SABHRS production version of PeopleSoft will be unsupported by PeopleSoft.
- (3) Intra- and Inter-agency benefits of the IT expenditures:**
The impact of these permanent positions to the rate planning is to provide a stable staffing level that is primarily dedicated to the ongoing upgrade process and can assist with providing production support. The establishment of a team like this provides the state with a stable rate model that avoids spiking upgrade efforts whose costs (and funding) would ebb and flow. These functionality upgrades enable the state to take advantage of improvements in software and technology in general. Furthermore, based on the PeopleSoft marketing strategy, the state needs to upgrade the software periodically to stay on a version supported by PeopleSoft. These positions would add depth to the state technical production support sections, since the HR and Finance Sections currently only have one position each dedicated to providing technical application support.

(4) Reference the IT strategy from the ISD State IT Plan:

This proposal is consistent with the plan strategies of taking an enterprise view, fostering standardization, and making the most cost effective use of IT resources. Paying customers (other state agencies) will benefit by the request since maintaining this team will provide a stable rate model.

(5) Rationale for not using an existing state IT resource:

N/A.

(6) Estimated additional annual costs to operate:

The only estimated additional annual costs associated with this request would be personal services annual raises and minor operational charges.

(7) Impacts on current IT resources:

There would be no current impacts on IT resources with this request. Without this request there would be negative impacts.

(8) Project schedule and oversight description:

SABHRS is planning on upgrading both the Finance and Human Resource Management System Sections in this upcoming biennium.

(9) Technical overview:

SABHRS is planning on upgrading both the Finance and Human Resource Management System Sections in the 2003 biennium which allow for a 100 percent Web-enabled environment. This will open opportunities for self-service such as time, benefit, and travel entry by staff and will provide opportunities for vendors doing business with state agencies.

PL 6 - SABHRS Finance & HRMS Production Support (Program 07) - Proprietary Fund of \$112,246 FY2002; \$116,598 FY2003 -

(1) A description of what will be accomplished with the IT expenditures:

This is a request for 2.00 FTE and related funding that would provide needed production support services for the Finance and Human Resource Management System (HRMS) Sections.

(2) Impacts if the budget request for those IT expenditures is not approved:

Funding for additional FTE is necessary to provide an adequate staffing level for production support activities. Without these positions there would be a lack of adequate expertise for the General Ledger, Time & Labor, and Human Resource modules. There would also be little backup in the production support areas and that would impair ability to address critical agency and process owner production issues including general ledger and HR data integrity analysis and reporting.

(2) Intra- and Inter-agency benefits of the IT expenditures:

These additional FTE would provide dedication and support to ensure the Finance and HRMS production modules will operate in a manner that will benefit all state agencies and ensure reliable and accurate financial and human resource data.

PL 7 - SABHRS Archival and Retrieval (Program 07) - Proprietary Fund of \$122,000 Continuing Approp. -

(1) A description of what will be accomplished with the IT expenditures:

This request is to help manage the growing volume of SABHRS data, to tune the production databases, to archive data from the production databases, and to develop and maintain the archival environment. Historical data is especially important for the Office of Budget and Program Planning, the Legislative Branch and preparation of federal reports by all state agencies.

(2) Impacts if the budget request for those IT expenditures is not approved:

Without this new request, the SABHRS Support Bureau will not effectively respond to the growing size of the databases (due to the volume of transactions maintained in the production databases) that adversely impact response time; and agencies and process owners will not be able to access historical data.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Developing and implementing a data management plan is a new workload for SABHRS. It is anticipated that SABHRS will utilize the expertise of outside consultants to assist with developing archive processes that will move data from the production database and make it available for access by agencies, particularly those with a need for historical information such as the Legislature Auditors Office, Legislative Fiscal Analyst, and the Governor's Budget Office to do research or review. A properly implemented data management plan will also result in agency personnel having faster access to their data, improved nighttime processing and predictable increases in mid-tier equipment requirements.

PL 8 - SABHRS Consultant Services (Program 07) – Proprietary Fund of \$120,000 FY2002; \$140,000 FY2003-

(1) A description of what will be accomplished with the IT expenditures:

This request provides funding to allow the SABHRS Support Bureau to contract with consulting groups when it is necessary to obtain specific expertise.

(3) Impacts if the budget request for those IT expenditures is not approved:

If funding is not approved, SABHRS will miss opportunities to create efficiencies in functional and technical uses of each PeopleSoft upgraded version of the software. Without adequate access to consultants, SABHRS will have more trouble implementing Web functionality; confront the same problems other PeopleSoft sites have experienced related to both functionality and technical infrastructure; and waste valuable time identifying process improvements that could benefit Montana.

(3) Intra- and Inter-agency benefits of the IT expenditures:

This request will benefit all state agencies by providing expertise to address functional solutions to meet business process needs, to upgrade cycle functional changes and opportunities, upgrade cycle technical infrastructure needs and production technical infrastructure needs. These consulting services will also benefit MBARS users by providing software modification support to meet process owner requirements, upgrades to the software to interface with PeopleSoft Financial and HRMS databases, and provide technical support during critical times of budget build and legislative sessions.

Table 8
Agency Summary of Significant IT Decision Packages
For Department of Administration

| Budget Item | IT PL Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total IT Adjustments Fiscal 2002 | IT PL Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total IT Adjustments Fiscal 2003 | Total It Adjustments Fiscal 02-03 |
|---------------------------|-------------------------------------|------------------------------------|--|-------------------------------------|------------------------------------|--|---|
| IT FTE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Expenditures | | | | | | | |
| Personal Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 800,000 | 0 | 800,000 | 0 | 0 | 0 | 800,000 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 800,000 | 0 | 800,000 | 0 | 0 | 0 | 800,000 |
| Funding | | | | | | | |
| Federal Special | 800,000 | 0 | 800,000 | 0 | 0 | 0 | 800,000 |
| Total Funds | 800,000 | 0 | 800,000 | 0 | 0 | 0 | 800,000 |

Note: This table contains only costs for decision packages that have been identified as significant IT decision packages (as defined by OBPP).
The table does not include inflationary/deflationary affects nor does it include IT objects of expenditure that are within other proposals not identified as significant IT decision packages.

PL 17 - Statewide GIS Data Base (Program 07) – HB 2– \$800,000 federal funds FY 2002 biennial-

(1) A description of what will be accomplished with the IT expenditures:

This federal financial participation will allow the automation of the land parcel information to truly be a cost sharing by state, federal, local, and private users. This request is for federal authority for a biennial appropriation of \$800,000.

(2) Impacts if the budget request for those IT expenditures is not approved:

An available resource (federal money) will not be available to Montana and mapping efforts in the Western, most populous portion of the state would cease. This would result in an incomplete database that would diminish the usefulness of the data to all agencies.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The Statewide GIS Cadastral Database project is a collaborative effort of many state, local, federal and private users that will result in a single, well-coordinated project to automate Montana's land parcel information based on a standard database design, with standards for data accessibility, and training programs for local governments in the use of the data. Interagency benefits include use of standardized cadastral data for applications ranging from producing sportsman access maps, forest fire damage prevention, growth management, equitable taxation, better taxpayer access to data, and a plethora of other applications that will be developed in the near future. Standardized cadastral data enables agencies to develop applications for one area that can be used over and over for all areas in the state.

(4) Reference the IT strategy from the ISD State IT Plan:

This proposal is consistent with the plan strategies of taking an enterprise view, fostering standardization, and making the most cost effective use of IT resources. Completion of this project will provide a consistent, statewide database of all land parcels in Montana, or approximately 915,000 parcels. The database will provide a "single system" approach for accessing all Montana land parcels, including parcels maintained by a number of counties. The project makes the most cost effective use of IT resources by automating all county parcels, as opposed to as many as 56 separate county projects developing local databases.

(5) Rationale for not using an existing state IT resource:

No other resource exists.

(6) Estimated additional annual costs to operate:

Annual operating costs are estimated at approximately \$125,000 for the GIS software specialists and associated hardware, software and training that would be provided by ISD.

(7) Impacts on current IT resources:

There would be an impact on the data network but the impact can be accommodated within the expansion planned for SummitNet in the upcoming biennium.

(8) Project schedule and oversight description:

The development phase of the GIS Cadastral Database would be completed in FY 2002.

(9) Technical overview:

The primary deliverable of the project is a GIS database, with interfaces to all Montana land parcels, or approximately 915,000 parcels. Validation and use acceptance occurs as each county is individually and sequentially converted via an automated conversion process, and manually "proofed" and updated as necessary to capture parcels that could not be converted automatically.

The Department of Agriculture

6201 [Section C]

In addition to larger initiatives, the department has decision packages that include costs in account 62245 – minor computer hardware. These requests include upgrade of one computer and replacement of one computer, two laser printers and a file server. The requests also include the purchase of computers for two new positions being requested to implement the Organic Certification program and four positions created from the Vision 2005 statutory appropriation.

PL 4 -- Base Budget Adjustments (Program 15) --

(1) A description of what will be accomplished with the IT expenditures:

IT staff will have training to keep current on standard software, programming languages, and operating systems.

(2) Impacts if the budget request for those IT expenditures is not approved:

It would be harder for the department to retain qualified IT staff and recruit new staff if training were not offered.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The department and the state will have qualified IT staff.

NP 3 -- Electronic Transaction Strategic Plan (Program 15) -

(1) A description of what will be accomplished with the IT expenditures:

The department, with the help of IT consulting and professional services, will develop and implement a strategic plan for electronic government transactions and communications.

(2) Impacts if the budget request for those IT expenditures is not approved:

If the department does not have a plan to develop and implement electronic government transactions there may be a delay in being able to provide these services to citizens or electronic transaction may not be implemented as cost effectively and efficiently as they would have been if the department had developed a plan.

(3) Intra and Inter-agency benefits of the IT expenditures:

The strategic plan will help coordinate compatible computer programs within the department and within state government through working with ISD and the Department of Revenue.

The Department of Commerce

6501 [Section C]

In the 2003 biennium the department will need to replace its Digital Alpha 2100 database server, which will be in excess of six years old, with a Digital ES40 server at an estimated cost of approximately \$71,411. Additionally the department will need to replace a local area network server that will be in excess of five years old in 2001, at an estimated cost of approximately \$16,000. All but one of the personal computers in the Management Services Division will be at least four years old during the 2003 biennium. The department will need to replace 11 personal computers at an estimated cost of \$2,000 each, and one portable personal computer at an estimated cost of \$3,500 in FY 2002, for a total cost of \$25,500. The costs for these computer replacements will be charged directly to the supported divisions, bureaus, and programs within the department.

Department of Labor and Industry

6602 [Section D]

PL 2 -- Operating Increases/FTE requests (Program 02) -- The request is \$23,600 for a multi-server hardware. However, this request has a net effect of zero due to an accounting adjustment in base.

The Department of Military Affairs

6701 [Section D]

PL 2107 -- Server Replacement (Program 21)

(1) A description of what will be accomplished with the IT expenditures:

The current server will be five years old when replaced. The new server will utilize advances in software that will allow the department to maximize the use of statewide applications. Programmatic changes have created the need for more data storage, such as in the areas of risk assessment and GIS. Dependability will increase, which is a necessity for processing payments to vendors, generation of payrolls, and communicating with local governments in times of disasters.

(2) Impacts if the budget request for IT expenditures is not approved:

The department would risk having undependable equipment for the LAN; would be denied the use of updated software; limitations would be placed on DES in the use of existing and additional computer terminals during Emergency Coordination Center (ECC) activations; and the capabilities to utilize Web-based applications for dissemination of information to the public and cooperators would be limited.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The server will allow the agency improved and more efficient service to its customers, both internal and external, through the increased server capacity to allow updated software to be utilized, and increased storage of larger amounts of historical data, especially in the areas of risk assessment and GIS applications. There will be better capability for data protection and more reliability against equipment failure. Upgrades and changes in state required systems would be accommodated more efficiently. In times of disaster declarations, the current server can be configured to support ECC operations, and allow the new server to handle normal service applications.

NP 201 – Computer purchase for ChalleNGe Program (Program 02)

The Montana Youth Challenge Program is requesting nine new computers over the biennium. Five will expand the capabilities of the student computer lab, two are for the mentoring program, and two are for the cadre office.

PL 3104 – Veterans Affairs computer replacements (Program 31)

The program is requesting replacement of eight computers. Seven of the replacements will occur in the field offices throughout the state and one is scheduled for the Helena office. The replacements are scheduled under the division four-year replacement plan.

The Department of Public Health and Human Services

6901 [Section B]

PL 69 – County TANF, Food Stamp, and Medicaid (Program 02) –

(1) A description of what will be accomplished with the IT expenditures:

This present law adjustment includes \$35,400, of which fifty percent is general fund and fifty percent is federal funding to purchase a mixture of 14 desktop and two laptop computers, and five printers. The 14 desktop computers are replacement computers and require replacement to keep up with advancing technologies. The laptop computers are needed for outreach and eligibility determination activities in counties with heavy caseloads. The five printers are replacing printers in five of forty-nine county offices.

(2) Impacts if the budget request for those IT expenditures is not approved:

County staff personnel are required to determine eligibility and maintain caseload management. Without the desktop computers, they would not be able to perform their assigned duties. Outreach activities are strongly encouraged by all three of the public assistance programs, and eligibility must be determined once outreach is performed. To perform eligibility duties and case management duties away from their main office, staff will require access to a laptop computer. Not all county offices require a laptop. Additional laptops may be requested in future budgets if the caseload for outreach services increases.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The goal of the outreach activities is to increase the accessibility and ease the application process for public assistance programs. Without the outreach activities, eligible people will not have access to the programs because of their inability to travel to county offices. The computers will give outreach workers access to TEAMS for eligibility determination and case management.

PL 78 – Public Assistance Administration Ad (Program 02) –

(1) A description of what will be accomplished with the IT expenditures:

This present law adjustment includes \$32,000 general fund and \$32,000 federal funds to replace 16 computers in FY 2002 and 16 additional computers in FY 2003.

(2) Impacts if the budget request for those IT expenditures is not approved:

These computers require replacement because they are four and five years old. These computers support the Public Assistance Bureau staff in the accomplishment of their duties. These functions could not be completed without access to the mainframe eligibility determination and case management system. Additionally, these

computers are required in some cases to access Internet information and the state accounting and budgeting system. This request is for routine replacement of a portion of the division's computers.

(3) Intra- and Inter-agency benefits of the IT expenditures:

With periodic computer upgrades to keep up with technology, division staff will: a) be more efficient in federal reporting, b) retain the ability to perform eligibility determination functions, and c) be able to tap the numerous resources available on the Internet.

PL 11 – Voice Response Unit Enhancements (Program 05) –

(1) A description of what will be accomplished with the IT expenditures:

This upgrade is expected to help offset increased calling to the customer service representatives, who handle 22,000 calls per month, and prevent additional contract costs due to increased call volume. This will provide additional options for customers utilizing the voice response unit.

(2) Impacts if the budget request for those IT expenditures is not approved:

The department receives calls requesting other information that is not available through automated options. If this proposal is approved, it is expected to give the customer more automated options, with the expectation of reduced call volume handled by the customer service representatives, resulting in a reduction of additional contract costs.

(3) Intra- and Inter-agency benefits of the IT expenditures:

There is no intra- or inter-agency benefit for this IT expenditure.

PL 12 – Contract Adjustments (Program 05) –

(1) A description of what will be accomplished with the IT expenditures:

The department requests contract adjustments for the Customer Service Unit (CSU) to provide customer service to the parents the Child Support Enforcement Division (CSED) serves. It also includes contract adjustments for the New Hire Reporting contract with the Department of Revenue (DOR) in the amount of \$40,000 over the biennium. The new hire reporting contract with DOR provides the CSED with new hire information, which expedites child support collection for children.

(2) Impacts if the budget request for those IT expenditures is not approved:

Often times the department receives anonymous information about where obligated parents are located; in addition, it receives new hire information. The budget impact if this proposal is not approved is as follows: a) for the Customer Service Unit the cost benefit is not measurable; b) new hire collections accounted for \$5,061,506 in FY 2000. The amount of federal incentives the department receives for these collections is greater than the cost of the proposal.

(3) Intra- and Inter-agency benefits of the IT expenditures:

These expenditures facilitate and pay for the cost of the information being shared.

PL88 – Increase DRAMS Contract (Program 07) –

(1) A description of what will be accomplished with the IT expenditures:

This present law adjustment includes \$25,000 general fund and \$75,000 federal funds to keep the Drug Rebate and Analysis System (DRAMS) current with changes in technology and fund enhancements to the system. This IT expenditure will provide the department with the resources to maintain this complex computer system and fund programming changes to enhance its ability effectively manage the drug rebate system for Montana. The department has spent approximately one year working with Consultec on acceptance of the system to improve system functionality. In this process, it was learned that the drug rebate system is very complicated and conversion of historical data for Montana required more effort than anticipated. As department personnel continue to use this system, staff find payment scenarios by manufacturers that often require the assistance of programmers to sort out and resolve. This funding will provide the resources for ongoing maintenance of the system to resolve data issues and enhance the programming of the system to increase the administrative efficiency of the billing and collection functions of the drug rebate program.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to fund this request would result in inadequate funding to keep DRAMS current with updated technology and program enhancement to account for the changing needs of the drug rebate program. This could result in the department returning to manual methods of accounting for rebates and analysis of data to resolve disputes with

manufacturers. Manual methods result in increased administrative workload to resolve disputes and slows the collection of rebate money owed the state.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The ability to maintain this computer system increases the efficiency of agency personnel and contracted services personnel in performing the function of billing and collection of rebate money as well as dispute resolution of rebates with manufacturers.

NP90 – Claims Adjudication Specialists (Program 07) –

(1) A description of what will be accomplished with the IT expenditures:

Hardware Adjustment: The 2.00 FTE will require new personal computer and software packages at the recommended cost of \$2,000 each.

NP111 – Bioterrorism preparedness (Program 07) –

(1) A description of what will be accomplished with the IT expenditures:

The immediate goal is to provide broad-band Intra/Internet connectivity and associated e-mail services to local county health departments. These expenditures are for development of electronic communications capacity in order to: (1) maximize the local health departments' ability to take action, in concert with DPHHS and other first-responders, to bioterrorist events or other emerging public health threats; (2) receive Internet-based training offerings from the CDC; and (3) efficiently field the Oracle-based software supporting the Public Health Data System (PHDS) and the associated Sharing of Public Health Information application (SOPHI). These expenditures supplement the state's existing IT resources. No current state IT resources specifically exist to address this development. Wherever possible, local health departments will be added to the existing State of Montana communications infrastructure for the provision of these services (i.e., SummitNet and State of Montana Outlook/Exchange e-mail services). Montana Health Alert Network (MT HAN) grant resources will be used to attach as many local county health departments to SummitNet as possible. However, even though MT HAN grant resources will facilitate and pay for start-up costs associated with this process, the local county health departments must be capable of sustaining the on-going costs associated with SummitNet connectivity on their own. If the local county health agency is incapable of sustaining these costs, then alternate means of achieving basic Internet/e-mail connectivity will be considered on a case-by-case basis.

(2) Impacts if the budget request for those IT expenditures is not approved:

The department will not be able to use existing county and state-level IT resources to fulfill the goals of the federal HAN grant given above. The State of Montana Outlook/Exchange e-mail system will not be expanded to include local county health departments and other related end-users in the Montana public health community. Certain SummitNet sites will not be expanded/upgraded to include new users from the local public health community. Several new local SummitNet locations will not be established under the auspices of cooperation between the CDC&P Bureau and the Montana WIC program.

Existing state IT resources are being utilized wherever possible. In those instances where state IT resources are not being used, it is because existing state IT resources are not currently available at the local county public health site in question. Further, even if the CDC&P Bureau used the HAN funding to bear the installation costs, SummitNet services to such a site, most often the local county agency would be incapable of sustaining the on-going costs associated with using state IT (i.e., SummitNet) services. In those instances, the CDC&P Bureau has no choice but to encourage the use of available local resources. Without funds to encourage the development of these local resources, local public agencies may not be able to participate effectively in the creation of local government IT infrastructure. This will weaken the ability of local public health agencies to respond to crises and may hinder the over-all development of technological capacities on the local county level.

(3) Intra-and Inter-agency benefits of the IT expenditures:

Currently, county-level public health staff are being encouraged to co-locate with pre-existing SummitNet sites within their county and also to co-locate with other human services programs as well. This is not only more convenient for their clients, but it offers the opportunity to share IT resources on the local level, thus leveraging the use of existing technology resources.

The planned HAN expenditures will help local public health departments secure the appropriate infrastructure and connectivity to support their participation in the Montana Health Alert Network (MT HAN) AND their use of the Health

Policy and Services Division Public Health Data System (PHDS) as well as the web-based Sharing of Public Health Information (SOPHI) application. The production of unified suites of human services applications conforms to the department IT strategy for system applications in that these MT HAN expenditures provide upgrade of local public health partners within the constraints of the grant funds in order to maximize efficiency, productivity and data accuracy at the local level.

NP104 – Health Educator – Women's Health (Program 07) –

(1) A description of what will be accomplished with the IT expenditures:

Hardware Adjustment: The FTE will require a personal computer and software package at the recommended budget amount of \$2,000.

PL172 – Increased Licensure Bureau Services (Program 08) –

(1) A description of what will be accomplished with the IT expenditures:

Hardware Adjustment: In FY 2002 one computer is needed for a new FTE and a replacement computer is required; in FY 2003 two replacement computers are needed.

PL54 – TEAMS FM Contract (Program 09) –

(1) A description of what will be accomplished with the IT expenditures:

This proposal includes \$84,503 general fund and \$84,505 federal funds to continue management of the TEAMS (The Economic Assistance Management System) contract into the new biennium. TEAMS provides statewide on-line eligibility determination for Food Stamps, TANF, and Medicaid Programs and ensures consistency in application of welfare policy and accuracy and timeliness of benefit determinations and payments.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to fund this request would result in inadequate funding for the base contract provisions and TEAMS would not be able to continue at the current level of operational activity and would not have the ability to meet federal system certification requirements.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Agency system users will be able to perform their jobs more efficiently and accurately to provide services to the recipients of public assistance programs.

PL57 – SEARCHS FM Contract (Program 09) –

(1) A description of what will be accomplished with the IT expenditures:

This proposal includes \$49,476 general fund and \$96,041 federal funds to continue management of the SEARCHS (The System for Enforcement and Recovery of Child Support) contract into the new biennium. SEARCHS automates financial management of child support collections, absent parent location, paternity establishment, case management, order modifications, case management, and internal program management.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to fund this request would result in inadequate funding for the base contract provisions and SEARCHS would not be able to continue at the current level of operational activity and would not have the ability to meet federal system certification requirements.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Agency system users will be able to perform their jobs more efficiently and accurately to provide services to the recipients of public assistance programs.

PL56 – CAPS FM Contract (Program 09) –

(1) A description of what will be accomplished with the IT expenditures

This proposal includes \$106,965 general fund and \$98,737 federal funds to continue management of the CAPS (Child and Adult Protective Services) contract into the new biennium. CAPS is an automated social services information system covering all major program areas of child protection, adult services, and juvenile corrections, as well as client and non-client based contracts.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to fund this request would result in inadequate funding for the base contract provisions and CAPS would not be able to continue at the current level of operational activity and would not have the ability to meet federal system certification requirements.

(3) Intra-and Inter-agency benefits of the IT expenditures:

Agency system users will be able to perform their jobs more efficiently and accurately to provide services to the recipients of public assistance programs.

PL115 – Guardianship, APS Staff, Prevention & Educ (Program 22) –

(1) A description of what will be accomplished with the IT expenditures

This request includes funding that totals \$11,000 over the biennium for computers for the 6.50 FTE. The new staff with these computers will have access to the Child and Adult Protective Services (CAPS) database. In addition, the requested staff will use the PC for routine duties such as e-mail, answering public correspondence and routine office duties.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to fund this request would result in the new staff not having access to the Child and Adult Protective Services (CAPS) database, which is the depository for each case history and case notes.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The ability to access the CAPS system provides a benefit within the agency because caseworkers enter details of individual adult protective services investigations. This documentation is used to provide continuity among adult protective services (APS) caseworkers and supervisors, with agency legal personnel when court action is necessary. This information also is used by the Licensing and Certification Bureau when reviewing abuse cases occurring in licensed facilities.

PL140 – Waiver Expansion (Program 22) –

(1) A description of what will be accomplished with the IT expenditures

This request includes \$1,300 for personal computer equipment for the new staff person so that person can review case management notes and recommendations for each recipient that are contained in the database Screening and Assessment Network (SCANS). In addition, the requested staff will use the PC for routine duties such as e-mail, answering public correspondence, and routine office duties

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to fund this request would result in the staff person being limited in capability to interact with the SCANS system.

(3) Intra- and Inter-agency benefits of the IT expenditures:

The intra-agency benefit of access to the SCANS system is that the state Medicaid waiver staff has access to information on the activities for daily living (ADLs) for each home and community waiver applicant provided by each person's case management agency. The needs reflected by the ADLs are reviewed by state staff and a contracted Professional Review Organization (PRO) for medical necessity to determine eligibility for waiver and nursing facility services.

PL64 – Computer Hardware (Program 03) –

(3) A description of what will be accomplished with the IT expenditures

The program requests replacement of 155 computers, at a cost of \$2,000 each, at the end of FY 2002 in order to extend the four-year life expectancy of the computer equipment received 12/98 through 3/99. The plan is to lease the new computers for four years, so the request is based on 25 percent of the total cost, with no interest charges for FY 2002. An additional 155 computers are to be purchased the beginning of FY 2003. These too will be replacing fully amortized computers, and the request includes an estimated \$39,840 of interest payments for the lease. Also there are four replacement printers each year of the biennium, at an estimated cost of \$2,000 per printer, \$2,000 per year for fax machine replacements, and \$12,000 per year for server replacements. These additional purchases also would be leased over four years.

(2) Impacts if the budget request for those IT expenditures is not approved:

By FY 2002 the majority of the equipment will be four years old, and approaching obsolescence. Failure to fund this request would result in the staff being limited in capability to accomplish their duties. Additionally, these computers are required in some cases to access Internet information and the state accounting and budgeting system.

(3) Intra- and Inter-agency benefits of the IT expenditures:

Agency system users will be able to perform their jobs more efficiently and accurately to provide services for the foster care and subsidized adoption programs.

Table I-9
Agency Summary of Significant IT Decision Packages
For Department of Public Health and Human Services

| Budget Item | IT PL Adjustments Fiscal 2002 | IT New Proposals Fiscal 2002 | Total IT Adjustments Fiscal 2002 | IT PL Adjustments Fiscal 2003 | IT New Proposals Fiscal 2003 | Total IT Adjustments Fiscal 2003 | Total IT Adjustments Fiscal 02-03 |
|---------------------------|-------------------------------------|------------------------------------|--|-------------------------------------|------------------------------------|--|---|
| IT FTE | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Expenditures | | | | | | | |
| Personal Services | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Operating Expenses | 322,329 | 4,540,000 | 4,862,329 | 479,640 | 2,070,000 | 2,549,640 | 7,411,969 |
| Equipment | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Expenditures | 322,329 | 4,540,000 | 4,862,329 | 479,640 | 2,070,000 | 2,549,640 | 7,411,969 |
| Funding | | | | | | | |
| General Fund | 80,582 | 0 | 80,582 | 119,910 | 0 | 119,910 | 200,492 |
| State/Other Special | 0 | 183,600 | 183,600 | 0 | 183,600 | 183,600 | 367,200 |
| Federal Special | 241,747 | 4,356,400 | 4,598,147 | 359,730 | 1,886,400 | 2,246,130 | 6,844,277 |
| Proprietary | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Total Funds | 322,329 | 4,540,000 | 4,862,329 | 479,640 | 2,070,000 | 2,549,640 | 7,411,969 |

Note: This table contains only costs for decision packages that have been identified as significant IT decision packages (as defined by OBPP).
The table does not include inflationary/deflationary affects nor does it include IT objects of expenditure that are within other proposals not identified as significant IT decision packages.

NP201 – FAIM Phase II (Program 02) \$3,500,000 FY 2002–

There are two segments to the cost for the IT expenditures for this proposal – 1) Electronic Benefits Transfer (EBT) for Cash Assistance, and 2) TEAMS reprocurement. Each segment will be described below.

(1) A description of what will be accomplished with the IT expenditures:

EBT - Federal mandates require that food stamp benefits be issued through an electronic benefit transfer (EBT) system by October 1, 2002. At the same time, cash assistance benefits can be added to the EBT card. In addition to making it easier for participants, the stigma attached to food stamp coupons and a welfare check should be minimized. Funding authority is requested for FY 2003 only.

TEAMS - The changes to FAIM require significant system changes. TEAMS is a legacy system that is antiquated by today's technological standards. Field staff have indicated that the dysfunction of the current TEAMS is their number one stress factor and time consumer. FAIM Phase II will require additional tracking and reporting requirements in order to respond to federal mandates. The new and significantly enhanced TEAMS is needed to accommodate FAIM Phase II changes and challenges. Additionally, the enhanced system should reduce the stress field staff are experiencing through a case.

(2) Impacts if the budget request for those IT expenditures is not approved:

EBT - The impact if this portion of the new proposal were not approved would be the lost efficiencies that result with a one-card for all services.

TEAMS - The impact if this portion of the new proposal were not approved would be lost efficiencies, both in the level of staff work accomplished and the ability to report work participation rates accurately, which is a federal mandate.

(3) Intra- and Inter-agency benefits of IT expenditures:

EBT - Participants will be more at ease in using an EBT card and federal mandates will be achieved.

TEAMS - The intra-agency benefit is that department staff will be able to track and report work participation rates more efficiently and accurately. Staff will be able to meet federal reporting requirements in order to prevent penalties associated with inaccurate reports.

(5) Reference the IT strategy from the ISD State IT Plan:

EBT and TEAMS - DPHHS continues to position itself to take advantage of new technologies, to streamline business processes, and to provide information to clients and customers. This request conforms to the department IT strategy for system applications in that they are upgraded on a regular basis, within budgetary constraints, to maximize efficiency, productivity, and data accuracy.

(5) Rationale for not using an existing state IT resource:

EBT and TEAMS - Current IT resources do not exist to support this project.

(6) Estimated additional annual costs to operate:

EBT - The cost to establish the EBT is \$500,000 federal funds over the biennium. The cost to maintain the EBT is unknown.

TEAMS - The cost for TEAMS reprourement is \$3 million federal funds over the biennium. The cost to maintain TEAMS will not increase over the current maintenance costs.

(7) Impacts on current IT resources:

EBT - The EBT will be contracted to an outside provider and will not impact current IT resources.

TEAMS - TEAMS reprourement will be contracted to an outside provider and will not impact current IT resources.

(8) Project schedule and oversight description:

EBT and TEAMS - The project schedule and project management/oversight description will be addressed in the contract, which at this point does not exist.

(10) Technical overview:

EBT and TEAMS - The technical overview will be addressed in the contract, which at this point does not exist.

NP 99 – (SEARCHS) Level of Effort Increase (Program 05) \$540,000 FY 2002; \$540,000 FY2003 –

(1) A description of what will be accomplished with the IT expenditures:

SEARCHS (System for Enforcement and Recovery of Child Support) is the Child Support Enforcement Division (CSED) mainframe information management system. . These additional programming resources are necessary to avoid federal penalties by achieving compliance with the PRWORA (Personal Responsibility and Work Opportunity Reconciliation Act) and other certification requirements. Federal performance incentives the CSED receives are dependent upon system data reliability. The budget for SEARCHS resides in Program 09 Operations and Technology Division. The SEARCHS system has grown in comparison to TEAMS (The Economic Assistance Management System) as to size of the database; however, the level of effort assigned to TEAMS is approximately twice the size assigned to SEARCHS. There is a backlog of system enhancements and problem reports that would address accounting, case working and maintenance issues, but due to the focus on meeting federal certification requirements, this backlog never receives attention.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to meet certification requirements and system data reliability could invoke federal incentive penalties that the department depends on for program operations.

(3) Intra- and Inter-agency benefits of IT expenditures:

The additional resources will validate the data required by the (OCSE) Office of Child Support Enforcement. In addition, the interfaces and sharing of information required by federal law with the Human and Community Services Division, and the Child and Family Services Division will be met.

(4) Reference the IT strategy from the ISD State IT Plan:

This request conforms to the department IT strategy for system equipment and applications, that they are upgraded on a regular basis, within budgetary constraints, to maximize efficiency, productivity and data accuracy.

(5) Rationale for not using an existing state IT resource:

The major systems that the department oversees, SEARCHS, TEAMS, and CAPS, were built externally and are maintained by a private contractor. It is assumed that these resources would be continued from the current contractor.

(6) Estimated additional annual costs to operate:

No additional processing time or costs are anticipated above the current level that is presently in the base budget of the Operations and Technology Division.

(7) Impacts on current IT resources:

The impact on current IT resources will be an increase of level of effort by six contracted programmers.

(8) Project schedule and oversight description:

The department sets the priority of work that the contractor must accomplish; it is overseen by the department's external systems bureau chief and the program staff.

(9) Technical overview:

Without additional programming resources, the backlog of projects will grow as additional problems are identified. These additional resources will help resolve the backlog of requests and give CSED the ability to fix daily operational problems, which will result in better service to the customer by getting collections cashiered and distributed in a more timely fashion, with a reduction in errors. It will also give the program staff the tools necessary to do their jobs, with increased efficiency and productivity. This increased efficiency and productivity will result in a more user-friendly system and meet the overall CSED mission.

PL55 – MMIS FM Contract (Program 09) \$322,329 FY 2002; \$479,640 FY 2003 –

(1) A description of what will be accomplished with the IT expenditures:

This present law adjustment includes \$200,492 general fund and \$601,477 federal funds to continue management of the MMIS (The Montana Medicaid Information System) contract into the new biennium. MMIS is a provider claims processing and information retrieval system that is operated and maintained under contract by the state Medicaid fiscal agency.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to fund this request would result in inadequate funding for the base contract provisions and MMIS would not be able to continue at the current level of operational activity and would not have the ability to meet federal system certification requirements.

(3) Intra- and Inter-agency benefits of IT expenditures:

Agency system users will be able to perform their jobs more efficiently and accurately to provide services to the recipients of public assistance programs.

(4) Reference the IT strategy from the ISD State IT Plan:

DPHHS continues to position itself to take advantage of new technologies, to streamline business processes and to provide information to clients and customers. This request conforms to the department IT strategy for system applications in that they are upgraded on a regular basis, within budgetary constraints, to maximize efficiency, productivity and data accuracy.

(5) Rationale for not using an existing state IT resource:

No state IT resources exist to address this contract.

(6) Estimated additional annual costs to operate:

The additional annual costs are projected at \$200,492 general fund and \$601,477 federal funds.

(7) Impacts on current IT resources:

There is no additional impact on current It resources.

(8) Project schedule and oversight description:

Project management is handled through the facilities management contract.

(9) Technical overview:

Technical overview is handled through the facilities management contract.

NP109 – Upgrade/Replace WIC Eligi & Ben Sys(Program 07) \$500,000 FY 2002; \$1,530,000 FY 2003

(1) A description of what will be accomplished with the IT expenditures:

This proposal will update the current aging DOS-based system with a system configured on a state- standard Windows/Oracle platform. The current system is requiring modification to hardware and software when ADP equipment is replaced and the continued ability to do this becomes more questionable as new hardware and software developments are made. This request would allow the department to submit a funding request to the USDA for 100 percent federal funding of this project. At least four states in the Mountain Plains Region are examining system replacement and funding for these replacements is limited. This request would also allow us to pursue partnering with other states in the region to develop the system.

(2) Impacts if the budget request for those IT expenditures is not approved:

Failure to fund this request would result in continued operation of the existing system. It is expected that at some point in the future, the existing system will no longer operate in new hardware and software platforms. When this occurs, system operation will likely fail, as replacements for aging equipment become unavailable. It is expected that it will become increasingly difficult to modify enhanced software and hardware to create an environment that will operate DOS-Based software. In addition, a funding request could not be submitted to the USDA, placing Montana behind other states working on system replacements. Should states decide to partner, Montana might be left with out the ability to take advantage of this.

(3) Intra- and Inter-agency benefits of IT expenditures:

Agency system users will be able to perform their jobs more efficiently and accurately to provide services to the recipients of public assistance programs.

(4) Reference the IT strategy from the ISD State IT Plan:

DPHHS continues to position itself to take advantage of new technologies, to streamline business processes and to provide information to clients and customers. This request conforms to the department IT strategy for system applications in that they are upgraded on a regular basis, within budgetary constraints, to maximize efficiency, productivity and data accuracy.

(5) Rationale for not using an existing state IT resource:

No state IT resources exist to address this contract.

(6) Estimated additional annual costs to operate:

Because this is a replacement system and not new, the operating costs currently are budgeted and no additional operations or maintenance costs are expected.

(7) Impacts on current IT resources:

There is no additional impact on current It resources.

(8) Project schedule and oversight description:

Project management and timelines are contained in the referenced requirements analysis report prepared by TRW. An actual schedule has not been established, as federal funds have not been obtained.

(9) Technical overview:

Technical overview is also contained in the requirement analysis report from TRW.

Table I-9
IT Expenditure Accounts

| Account | Description |
|----------------|--|
| 62136 | IT Consult & Prof Services |
| 62148 | MT PRRIME Costs/DofA |
| 62171 | Mid-Tier Processing/DofA |
| 62172 | Computer Processing/DofA |
| 62173 | Computer Processing/Non-DofA |
| 62174 | Data Network Serv/DofA |
| 62175 | System Development/DofA |
| 62176 | System Development/Non-DofA |
| 62181 | Data Network Serv/Non-DofA |
| 62182 | Misc. Info Sys Serv/Non-DofA |
| 62183 | Operational Support/DofA |
| 62184 | Operational Support/Non-DofA |
| 62185 | Misc. Info Sys Serv/DofA |
| 62245 | Minor Equip-Computer Hardware-Unit cost of less than \$5,000 |
| 62249 | Minor Software |
| 62261 | MUS G&C-Software \$1,000-\$4,999 |
| 62262 | MUS G&C-Comp Hrdware \$1,000-\$4,999 |
| 62268 | MUS G&C-Office Equip \$1,000-\$4,999 |
| 62296 | Computer Paper/Central Stores |
| 62319 | Cellular Phones |
| 62320 | Two-Way Video |
| 62322 | Teleconferences |
| 62370 | Telephone Equip Chrg/DofA |
| 62371 | Telephone Equip Chrg/Non-DofA |
| 62372 | Telephone Add/Move/Change |
| 62373 | Telephone Equip Maintenance |
| 62375 | Off Premise Extensions |
| 62376 | Local Voice Circuits |
| 62377 | Long Distance Voice Circuits |
| 62378 | Voice Circuit Add/Move/Change |
| 62379 | Local Data Circuits |
| 62380 | Long Distance Data Circuits |
| 62381 | Data Circuit/DofA |
| 62382 | Data Circuit Add/Move/Change |
| 62385 | Long Distance Chrg/DofA |
| 62386 | Long Distance Chrg/Non-DofA |
| 62387 | Credit Card Calls |
| 62388 | Local Calls |
| 62522 | Software Programs |
| 62743 | Multi-User Computers&Terminals |

Table I-9
IT Expenditure Accounts

| Account | Description |
|----------------|--|
| 62766 | Single User Computers |
| 62875 | MTP Bond Costs-Recovery |
| 62876 | Education/Training IT Staff |
| 62892 | Electronic Information/Data |
| 62911 | Computer Paper |
| 62929 | Computer Software |
| 63106 | Multi-User Computers & Terminals - items with useful life of > 1 yr and unit cost of >\$5,000 |
| 63134 | Single User Computers |
| 63301 | Multi-user Computers and Terminals - Lease |
| 63304 | Single User Computers - Lease |
| 63401 | Multi-User Software |
| 63402 | Single User Software |
| 63403 | Software/Central Stores |
| 63502 | Installment Purchase-IT Equip |
| 69303 | Lease Principal for IT purchases |
| 69304 | Lease Interest for IT purchases |
| 69403 | Install Purch Princ/IT Purchase |
| 69404 | Install Purch Intrst/IT Purchase |

Table I-10
Information Technology Job Codes
(for determining IT personal service expenditures) ¹

| Job Code | Description | Grade |
|-----------------|----------------------------------|--------------|
| 020110 | Program/Analysts | 13 |
| 020111 | Program/Analysts | 14 |
| 020112 | Program/Analysts | 15 |
| 020113 | Program/Analysts | 16-17 |
| 020120 | Information System Support Spec. | 13 |
| 020121 | Information System Support Spec. | 14 |
| 020122 | Information System Support Spec. | 15 |
| 020123 | Information System Support Spec. | 16 |
| 020124 | Information System Support Spec. | 17 |
| 020125 | Information System Support Spec. | 18 |
| 169176 | Information System Manager | 17 |

Table I-10
Information Technology Job Codes

(for determining IT personal service expenditures) ¹

| Job Code | Description | Grade |
|-----------------|--|--------------|
| 169177 | Information System Manager | 18 |
| 169178 | Information System Manager | 19 |
| 188055 | Career Executive Assignment -ISS | 20 |
| 188056 | Career Executive Assignment -ISS | 21 |
| 188057 | Career Executive Assignment -ISS | 22 |
| 188058 | Career Executive Assignment -ISS | 23 |
| 199069 | Telecommunications System Analyst | 13 |
| 199070 | Telecommunications System Analyst | 14 |
| 199071 | Telecommunications System Analyst | 15 |
| 199072 | Telecommunications System Analyst | 16 |
| 199073 | Telecommunications System Analyst Supervisor | 17 |

¹ When reporting actual and budgeted IT expenditures all personal service costs for positions corresponding to the job codes listed in this table should be included.

Table I-11
INFORMATION SERVICES DIVISION
RATE COMPARISON
FY2003 BIENNIUM

| Rate Type | Unit Allocation | FY 2000 Base Rate | Rate Adj. Items | FY 2002 Rate | FY 2000 Base Rate | Rate Adj. Items | FY 2003 Rate |
|----------------------|------------------------|--------------------------|------------------------|---------------------|--------------------------|------------------------|---------------------|
| Desktop Services | Connected Terminal | 64.50 | | 72.45 | 64.50 | | 74.73 |
| NP2 | | | 0.40 | | | 0.40 | |
| PL1 | | | 5.63 | | | 5.63 | |
| PL2 | | | 1.92 | | | 4.20 | |
| Mainframe processing | CPU second | Various | n/a | 0.80 | Various | n/a | 0.80 |
| Print | Image/sheet | Various | n/a | 1.10 | Various | n/a | 1.10 |
| Lan Admin | Per hour | 53.00 | n/a | 50.00 | 53.00 | n/a | 50.00 |
| Telephone Equip | Per phone | 10.00 | n/a | 10.00 | 10.00 | n/a | 10.00 |

Table I-11
INFORMATION SERVICES DIVISION
RATE COMPARISON
FY2003 BIENNIUM

| Rate Type | Unit Allocation | FY 2000 Base Rate | Rate Adj. Items | FY 2002 Rate | FY 2000 Base Rate | Rate Adj. Items | FY 2003 Rate |
|------------------------------------|------------------|-------------------|-----------------|--------------|-------------------|-----------------|--------------|
| SL1s | Per phone | 15.00 | n/a | 15.00 | 15.00 | n/a | 15.00 |
| Long distance (daytime) per minute | | 0.15 | n/a | 0.14 | 0.15 | n/a | 0.14 |
| 800 Megacom | per minute | 0.11 | n/a | 0.10 | 0.11 | n/a | 0.10 |
| Video | per hour | 35.00 | n/a | 35.00 | 35.00 | n/a | 35.00 |
| SABHRS Support | allocated to FTE | 2,964,115 | | 4,231,115 | 3,003,235 | | 4,203,235 |
| PL5 | | | 380,000 | | | 389,000 | |
| PL6 | | | 112,000 | | | 116,000 | |
| PL7 | | | 122,000 | | | 0 | |
| PL8 | | | 120,000 | | | 140,000 | |
| PL4 | | | 533,000 | | | 555,000 | |

Table I-12
INFORMATION SERVICES DIVISION
2003 Biennium
COST RECOVERY MODEL
RATES AND INFLATIONARY FACTORS

| SERVICE BUREAU | | SERVICE CENTER | FY02 projected rates | | FY03 projected rates | | |
|----------------|-------------|----------------------|----------------------|---------------------|----------------------|-------------|--------|
| | | | FY00 RATE | with all projected | with all projected | | |
| | | | | CL purchases & EPPs | CL purchases & EPP's | | |
| | | | % OFF FY00 BASE | % OFF FY00 BASE | | | |
| CTSB | PROCESSING* | | | | | | |
| | | BATCH CPU SECOND | 1.4116 | -20% | 1.1293 | -20% | 1.1293 |
| | | CICS 4.1 | 0.2848 | -20% | 0.2278 | -20% | 0.2278 |
| | | IDMS CPU SECOND | 1.0100 | -20% | 0.8080 | -20% | 0.8080 |
| | | IDMS/CICS COBOL | 0.3475 | -20% | 0.2780 | -20% | 0.2780 |
| | | IDMS/ADS | 0.7682 | -20% | 0.6146 | -20% | 0.6146 |
| | | TSO CPU SECOND | 1.7291 | -20% | 1.3833 | -20% | 1.3833 |
| | | | | | | | |
| | | TAPE STORAGE | 0.0000 | new billing | 0.0008 | new billing | 0.0008 |
| | | TAPE STORAGE ARCHIVE | 0.0030 | 0% | 0.0030 | 0% | 0.0030 |
| | | CARTRIDGE TAPE | 3.5000 | 0% | 3.5000 | 0% | 3.5000 |
| | | | | | | | |
| | | DISK STORAGE | 0.0144 | -20% | 0.0115 | -20% | 0.0115 |

Table I-12
INFORMATION SERVICES DIVISION
2003 Biennium
COST RECOVERY MODEL
RATES AND INFLATIONARY FACTORS

| SERVICE BUREAU | SERVICE CENTER | FY02 projected rates | | FY03 projected rates | |
|-------------------|---------------------------|----------------------|---|--|--------------|
| | | FY00 RATE | with all projected CL purchases & EPPs | with all projected CL purchases & EPP's | |
| | BATCH EXCP | 0.1327 | -20% | 0.1062 | 0.1062 |
| | BATCH TAPE EXCP | 0.1327 | -20% | 0.1062 | 0.1062 |
| | BATCH SYS EXCP | 0.1327 | -20% | 0.1062 | 0.1062 |
| | TSO DISK EXCP | 0.1548 | -20% | 0.1238 | 0.1238 |
| | PRINT | | | | |
| | LASER PRINT IMAGE | 0.0237 | 10% | 0.0261 | 0.0261 |
| | LASER PRINT PAGE | 0.0061 | 10% | 0.0067 | 0.0067 |
| | LETTER PAPER | 0.0450 | 10% | 0.0495 | 0.0495 |
| | LEGAL PAPER | 0.0500 | 10% | 0.0550 | 0.0550 |
| | PRINT - 1 PART | 0.6709 | 10% | 0.7380 | 0.7380 |
| | PRINT - 2 PART | 0.9723 | 10% | 1.0695 | 1.0695 |
| | PRINT - 3 PART | 1.2441 | 10% | 1.3685 | 1.3685 |
| | BATCH REMOTE PRINT | 0.0486 | 10% | 0.0535 | 0.0535 |
| | SHARED MIDTIER PROCESSING | 1,185,830.00 | 0.09 | 1,291,300.00 | 1,174,058.00 |
| | PROD SERV | | | | |
| | I/O CONTROL | 20.0000 | 0% | 20.0000 | 20.0000 |
| | EUS/LAN ADMINISTRATION | 53.0000 | -6% | 50.0000 | 50.0000 |
| NTSB | LAN | | | | |
| | DESKTOP SERVICES RATE | 64.5000 | 14% | 73.5000 | 73.5000 |
| | LAN | | | | |
| | DUMB TERMINALS | 30.0000 | 0% | 30.0000 | 30.0000 |
| | HOT JACK | 10.0000 | 0% | 10.0000 | 10.0000 |
| | WAN | | | | |
| | SUMMITNET NON-ST EDUC. | 250.0000 | 0% | 250.0000 | 250.0000 |
| | COUTTS-ALBERTA CIRCUIT | 800.0000 | 0% | 800.0000 | 800.0000 |
| | S/N NON-ST EDUC T-1 | 650.0000 | 0% | 650.0000 | 650.0000 |

Table I-12
INFORMATION SERVICES DIVISION
2003 Biennium
COST RECOVERY MODEL
RATES AND INFLATIONARY FACTORS

| SERVICE BUREAU | SERVICE CENTER | FY02 projected rates | | FY03 projected rates | |
|-------------------|-------------------------|----------------------|---|--|-----|
| | | FY00 RATE | with all projected CL purchases & EPPs | with all projected CL purchases & EPP's | |
| | SUMMITNET CPE 56KB | 110.0000 | 0% | 110.0000 | 0% |
| | SUMMITNET CPE T1 | 490.0000 | 0% | 490.0000 | 0% |
| | COMM DROP NON-STATE | 100.0000 | 0% | 100.0000 | 0% |
| | NON STATE DEVICE | 20.0000 | 0% | 20.0000 | 0% |
| | WINFRAME USERS | 5.0000 | 0% | 5.0000 | 0% |
| | SRS DIAL-UP | 100.0000 | 0% | 100.0000 | 0% |
| VOICE | | | | | |
| | TEL EQUIPMENT | 10.0000 | 0% | 10.0000 | 0% |
| | SL1'S | 15.0000 | 0% | 15.0000 | 0% |
| | LONG DISTANCE (daytime) | 0.1450 | -7% | 0.1350 | -7% |
| VIDEO | | | | | |
| | VIDEO | 35.0000 | 0% | 35.0000 | 0% |
| | IVR | 120.0000 | 0% | 120.0000 | 0% |
| MEGACOM | | | | | |
| | MEGACOM | 0.1100 | -9% | 0.1000 | -9% |

Table I-13
MTPRIME DEBT SERVICE

| | \$1.5 MILL | \$1.7 MILL* | \$12.8 MILL** | | MBARS | FISCAL YEAR |
|----------|---------------------|---------------------|----------------------|----------------------|---------------------------|----------------------|
| | 4 YEARS | 5 YEARS | 10 YEARS | TOTAL | \$500,000/10 years | TOTAL |
| 08/01/98 | 387,728.95 | 353,212.27 | 1,369,610.89 | 2,110,552.12 | 53,566.35 | |
| 02/01/99 | 26,730.81 | 32,023.14 | 280,693.60 | 339,447.55 | 10,978.11 | 2,514,544.12 |
| 08/01/99 | 395,283.81 | 358,636.14 | 1,389,394.60 | 2,143,314.55 | 54,340.11 | |
| 02/01/00 | 18,438.36 | 24,674.34 | 255,747.83 | 298,860.54 | 10,002.46 | 2,506,517.65 |
| 08/01/00 | 399,847.86 | 363,971.34 | 1,405,511.83 | 2,169,331.04 | 54,970.46 | |
| 02/01/01 | 9,856.65 | 17,040.16 | 229,878.14 | 256,774.95 | 8,990.68 | 2,490,067.13 |
| 08/01/01 | 404,122.65 | 369,021.16 | 1,424,438.14 | 2,197,581.95 | 55,710.68 | |
| 02/01/02 | | 8,240.64 | 200,014.14 | 208,254.78 | 7,822.68 | 2,469,370.09 |
| 08/01/02 | | 374,491.14 | 1,441,236.64 | 1,815,727.78 | 56,367.68 | |
| 02/01/03 | | | 172,086.63 | 172,086.63 | 6,730.42 | 2,050,912.51 |
| 08/01/03 | | | 1,461,838.13 | 1,461,838.13 | 57,173.42 | |
| 02/01/04 | | | 143,067.23 | 143,067.23 | 5,595.45 | 1,667,674.23 |
| 08/01/04 | | | 1,486,947.23 | 1,486,947.23 | 58,155.45 | |
| 02/01/05 | | | 109,470.23 | 109,470.23 | 4,281.45 | 1,658,854.35 |
| 08/01/05 | | | 1,509,345.23 | 1,509,345.23 | 59,031.45 | |
| 02/01/06 | | | 74,473.35 | 74,473.35 | 2,912.70 | 1,645,762.73 |
| 08/01/06 | | | 1,532,209.85 | 1,532,209.85 | 59,925.70 | |
| 02/01/07 | | | 38,029.94 | 38,029.94 | 1,487.38 | 1,631,652.87 |
| 08/01/07 | | | 1,559,227.44 | 1,559,227.44 | 60,982.38 | |
| | | | | | | 1,620,209.82 |
| | 1,642,009.09 | 1,901,310.33 | 16,083,221.06 | 19,626,540.48 | 629,024.99 | 20,255,565.49 |

*plus rounding of \$1,500

**less rounding of \$1,500

Table I-14
SABHRS Support Unit--Account 62148
2003 Biennium

These amounts are based on FTE, with exceptions to Benefits of DofA and MUS, which are agreed upon amounts.

| Agy # | Agency Name | FY02 Allocation | FY03 Allocation | Based on this number of FTE |
|-------------------------------|-------------------------------|----------------------------|----------------------------|--|
| 1104 | Legislative Branch | 38,399 | 38,843 | 123.27 |
| 1112 | Consumer Counsel | 1,567 | 1,585 | 5.03 |
| 2110 | Judiciary | 32,240 | 32,613 | 103.50 |
| 3101 | Governor's Office | 16,198 | 16,385 | 52.00 |
| 3201 | Secretary of State | 13,644 | 13,802 | 43.80 |
| 3202 | Political Practices | 1,558 | 1,576 | 5.00 |
| 3401 | State Auditor | 20,911 | 21,153 | 67.13 |
| 3501 | OPI | 43,785 | 44,291 | 140.56 |
| 4107 | Crime Control | 6,542 | 6,617 | 21.00 |
| 4110 | Justice | 233,361 | 236,061 | 749.15 |
| 4201 | PSC | 12,304 | 12,447 | 39.50 |
| 5100 | University System | 190,000 | 190,000 | MUS-Universities |
| 5101 | Bd of Public Ed | 1,246 | 1,260 | 4.00 |
| 5102 | Comm. of Higher Ed | 30,122 | 30,471 | 96.70 |
| 5113 | School for the Deaf and Blind | 25,443 | 25,738 | 81.68 |
| 5114 | Arts Council | 2,181 | 2,206 | 7.00 |
| 5115 | State Library | 13,706 | 13,865 | 44.00 |
| 5117 | Historical Society | 22,615 | 22,877 | 72.60 |
| 5201 | FWP | 198,697 | 200,996 | 637.87 |
| 5301 | DEQ | 128,501 | 129,987 | 412.52 |
| 5401 | Transportation | 675,880 | 683,700 | 2,169.75 |
| 5603 | Livestock | 42,894 | 43,390 | 137.70 |
| 5706 | DNRC | 157,813 | 159,639 | 506.62 |
| 5801 | Revenue | 206,139 | 208,524 | 661.76 |
| 6101 | Administration | 131,080 | 132,596 | 420.80 |
| 61010 | | 200,000 | 200,000 | Benefits Administration |
| 6102 | Appellate Defender | 935 | 945 | 3.00 |
| 6103 | State Fund | 73,125 | 73,971 | 234.75 |
| 6104 | PERS | 8,722 | 8,823 | 28.00 |
| 6105 | TRS | 4,361 | 4,411 | 14.00 |
| 6201 | Agriculture | 34,848 | 35,251 | 111.87 |
| 6401 | Corrections | 347,598 | 351,620 | 1,115.88 |
| 6501 | Commerce | 114,558 | 115,883 | 367.76 |
| 6602 | Labor and Industry | 205,155 | 207,528 | 658.60 |
| 6701 | Military Affairs | 47,205 | 47,751 | 151.54 |
| 6901 | DPHHS | 870,254 | 880,322 | 2,793.74 |
| Grand Total | | 4,153,586 | 4,197,128 | 12,082.08 |
| To be allocated by FTE | | 3,763,586 | 3,807,128 | |

Table I-15
Data Network Connections - Account 62174

| 2003 Biennium | | | | | | |
|---------------|-------------------------------|-------------------|-------------------|----------|-----------------|-----------------|
| Code | Agency | FY2002 Devices | FY2003 Devices | Rate/Mo. | FY2002 Total | FY2003 Total |
| 1104 | Legislative Branch | 178 | 272 | 73.50 | 156,996 | 239,904 |
| 1112 | Consumer Counsel | 6 | 6 | 73.50 | 5,292 | 5,292 |
| 2110 | Judiciary | 93 | 93 | 73.50 | 82,026 | 82,026 |
| 3101 | Governor's Office | 54 | 54 | 73.50 | 47,628 | 47,628 |
| 3201 | Secretary of State | 63 | 68 | 73.50 | 55,566 | 59,976 |
| 3202 | Political Practices | 5 | 5 | 73.50 | 4,410 | 4,410 |
| 3401 | State Auditor | 60 | 60 | 73.50 | 52,920 | 52,920 |
| 3501 | OPI | 173 | 175 | 73.50 | 152,586 | 154,350 |
| 4107 | Crime Control | 24 | 24 | 73.50 | 21,168 | 21,168 |
| 4110 | Justice | 992 | 1006 | 73.50 | 874,944 | 887,292 |
| 4201 | PSC | 44 | 44 | 73.50 | 38,808 | 38,808 |
| 5101 | Bd of Public Ed | 0 | 0 | 73.50 | 0 | 0 |
| 5102 | Comm of Higher Ed | 8 | 8 | 73.50 | 7,056 | 7,056 |
| 5113 | School for the Deaf and Blind | 3 | 3 | 73.50 | 2,646 | 2,646 |
| 5114 | Arts Council | 6 | 6 | 73.50 | 5,292 | 5,292 |
| 5115 | State Library | 68 | 72 | 73.50 | 59,976 | 63,504 |
| 5117 | Historical Society | 58 | 59 | 73.50 | 51,156 | 52,038 |
| 5201 | FWP | 279 | 289 | 73.50 | 246,078 | 254,898 |
| 5301 | DEQ | 400 | 400 | 73.50 | 352,800 | 352,800 |
| 5401 | Transportation | 1270 | 1330 | 73.50 | 1,120,140 | 1,173,060 |
| 5603 | Livestock | 92 | 93 | 73.50 | 81,144 | 82,026 |
| 5706 | DNRC | 454 | 454 | 73.50 | 400,428 | 400,428 |
| 5801 | Revenue | 900 | 900 | 73.50 | 793,800 | 793,800 |
| 6101 | Administration | 245 | 245 | 73.50 | 216,090 | 216,090 |
| 6103 | State Fund | 299 | 309 | 73.50 | 263,718 | 272,538 |
| 6104 | PERD | 37 | 42 | 73.50 | 32,634 | 37,044 |
| 6105 | TRD | 37 | 37 | 73.50 | 32,634 | 32,634 |
| 6201 | Agriculture | 118 | 119 | 73.50 | 104,076 | 104,958 |
| 6401 | Corrections | 563 | 563 | 73.50 | 496,566 | 496,566 |
| 6501 | Commerce | 397 | 397 | 73.50 | 350,154 | 350,154 |
| 6602 | Labor and Industry | 820 | 810 | 73.50 | 723,240 | 714,420 |
| 6701 | Military Affairs | 32 | 32 | 73.50 | 28,224 | 28,224 |
| 6901 | DPHHS | 2884 | 2984 | 73.50 | 2,543,688 | 2,631,888 |

Table I-16
MT PRRIME Debt Service (Object 62875)
2003 Biennium

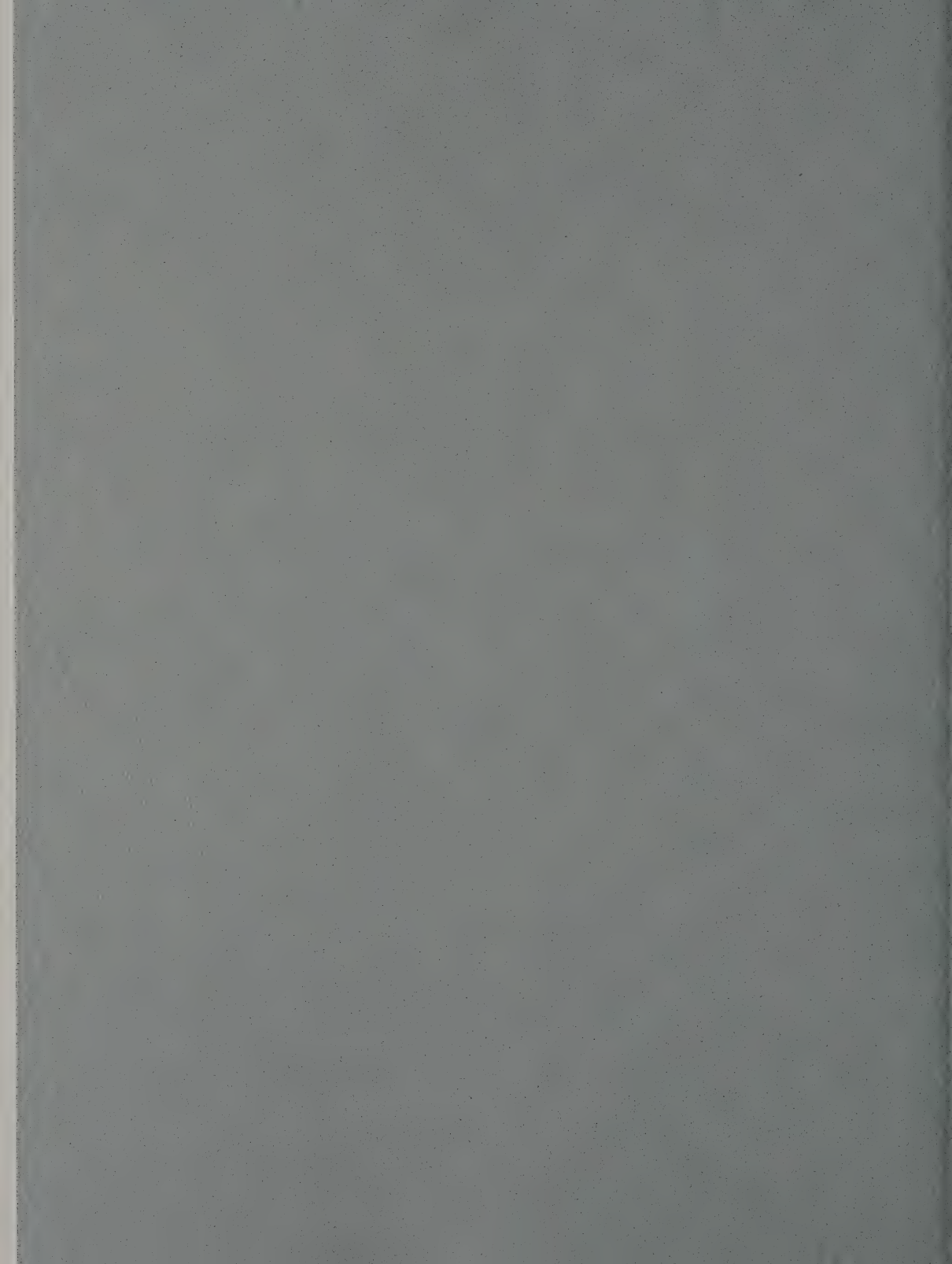
| Code | Agency | FTE | FY2002 | FY2003 |
|-------------|-------------------------------|----------------|------------------|---------------|
| 1104 | Legislative Branch | 123.27 | 25,194 | 20,925 |
| 1112 | Consumer Counsel | 5.03 | 1,028 | 854 |
| 2110 | Judiciary | 103.50 | 21,154 | 17,569 |
| 3101 | Governor's Office | 52.00 | 10,628 | 8,827 |
| 3201 | Secretary of State | 43.80 | 8,952 | 7,435 |
| 3202 | Political Practices | 5.00 | 1,022 | 849 |
| 3401 | State Auditor | 67.13 | 13,720 | 11,395 |
| 3501 | OPI | 140.56 | 28,728 | 23,860 |
| 4107 | Crime Control | 21.00 | 4,292 | 3,565 |
| 4110 | Justice | 749.15 | 153,113 | 127,167 |
| 4201 | PSC | 39.50 | 8,073 | 6,705 |
| 5101 | Bd of Public Ed | 4.00 | 818 | 679 |
| 5102 | Comm. of Higher Ed | 96.70 | 19,764 | 16,415 |
| 5113 | School for the Deaf and Blind | 81.68 | 16,694 | 13,865 |
| 5114 | Arts Council | 7.00 | 1,431 | 1,188 |
| 5115 | State Library | 44.00 | 8,993 | 7,469 |
| 5117 | Historical Society | 72.60 | 14,838 | 12,324 |
| 5201 | FWP | 637.87 | 130,370 | 108,277 |
| 5301 | DEQ | 412.52 | 84,312 | 70,025 |
| 5401 | Transportation | 2,169.75 | 443,460 | 368,311 |
| 5603 | Livestock | 137.70 | 28,144 | 23,374 |
| 5706 | DNRC | 506.62 | 103,544 | 85,998 |
| 5801 | Revenue | 661.76 | 135,252 | 112,333 |
| 6101 | Administration | 420.80 | 86,004 | 71,430 |
| 6102 | Appellate Defender | 3.00 | 613 | 509 |
| 6103 | State Fund | 234.75 | 47,979 | 39,848 |
| 6104 | PERS | 28.00 | 5,723 | 4,753 |
| 6105 | TRS | 14.00 | 2,861 | 2,376 |
| 6201 | Agriculture | 111.87 | 22,864 | 18,990 |
| 6401 | Corrections | 1,115.88 | 228,067 | 189,419 |
| 6501 | Commerce | 367.76 | 75,164 | 62,427 |
| 6602 | Labor and Industry | 658.60 | 134,607 | 111,796 |
| 6701 | Military Affairs | 151.54 | 30,972 | 25,724 |
| 6901 | Public Health | 2,793.74 | 570,993 | 474,233 |
| | | 12,082.08 | 2,469,370 | 2,050,913 |
| | | FY 2002 | 2,469,370 | |
| | | FY 2003 | 2,050,913 | |



REFERENCE

OBPP Staff Listing
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Unified Prevention Budget
Proprietary Fund Tables
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OBPP STAFF LIST

Office of Budget and Program Planning Staff

Mick Robinson, Acting Budget Director
 Steve Bender, Assistant Budget Director
 Mike Walsh, Network Administrator
 Jeanne Nevins, Administrative Assistant

Curt Nichols, Assistant Budget Director
 Jane Hamman, Assistant Budget Director
 Helen Kittel, Administrative Officer

| <u>Code</u> | <u>Agency</u> | <u>Executive Budget Analyst</u> | <u>Back-Up Staff</u> |
|--|------------------------------|---------------------------------|----------------------|
| Section A – General Government & Transportation | | | |
| 1104 | Legislative Branch | Amy Sassano | Mary Beth Linder |
| 1112 | Consumer Counsel | Amy Sassano | Mary Beth Linder |
| 2110 | Judiciary | Amy Sassano | Mary LaFond |
| 2115 | Chiropractic Legal Panel | Amy Sassano | Mary LaFond |
| 3101 | Governor's Office | Amy Sassano | Mary Beth Linder |
| 3201 | Secretary of State | Amy Sassano | Mary Beth Linder |
| 3202 | Comm. of Political Practices | Amy Sassano | Mary Beth Linder |
| 3401 | State Auditor | Mary Beth Linder | Amy Sassano |
| 5401 | Dept. of Transportation | Amy Sassano | Mary Beth Linder |
| 5801 | Dept. of Revenue | Mary Beth Linder | Amy Sassano |
| 6101 | Dept. of Administration | Mary Beth Linder | Amy Sassano |
| 6102 | Appellate Defender | Amy Sassano | Mary Beth Linder |
| 6103 | State Fund | Mary Beth Linder | Amy Sassano |
| 6104 | PERS (non-budgeted) | Amy Sassano | Mary Beth Linder |
| 6105 | TRS (non-budgeted) | Amy Sassano | Mary Beth Linder |

Section B – Public Health and Human Services

| | | | |
|------|---------------|-------------------------------|--|
| 6901 | Dept. of PHHS | Bob Andersen and Connie Welsh | |
|------|---------------|-------------------------------|--|

Section C – Natural Resources & Commerce

| | | | |
|------|---------------------------------|---------------|---------------|
| 5201 | Dept. of Fish, Wildlife & Parks | Beckie Graham | Jane Hamman |
| 5301 | Dept. of Environmental Quality | Doug Schmitz | Beckie Graham |
| 5603 | Dept. of Livestock | Doug Schmitz | Beckie Graham |
| 5706 | Dept. of Nat. Resources & Cons. | Doug Schmitz | Amy Sassano |
| 6201 | Dept. of Agriculture | Doug Schmitz | Amy Sassano |
| 6501 | Dept. of Commerce | Doug Schmitz | Amy Sassano |

Section D – Public Safety & Justice

| | | | |
|------|---------------------------|------------------|--------------|
| 4107 | Crime Control Division | Mary LaFond | Doug Booker |
| 4110 | Dept. of Justice | Mary LaFond | Doug Booker |
| 4201 | Public Service Regulation | Mary LaFond | Doug Schmitz |
| 6401 | Dept. of Corrections | Mary LaFond | Doug Booker |
| 6602 | Dept. of Labor & Industry | Mary Beth Linder | Doug Schmitz |
| 6701 | Dept. of Military Affairs | Doug Booker | Doug Schmitz |

Section E – Education

| | | | |
|--------|----------------------------------|---------------|--------------|
| 3501 | OPI | Amy Carlson | Curt Nichols |
| 3511-5 | Colleges of Technology | Mark Bruno | Curt Nichols |
| 5101 | Board of Public Education | Beckie Graham | Amy Carlson |
| 5102 | Commissioner of Higher Education | Mark Bruno | Curt Nichols |
| 5103-8 | MUS Six Units | Mark Bruno | Curt Nichols |
| | Community Colleges & Research | Amy Carlson | Curt Nichols |
| 5109 | MAES | Amy Carlson | Curt Nichols |
| 5110 | MCES | Amy Carlson | Curt Nichols |
| 5111 | Forestry Experiment Station | Amy Carlson | Curt Nichols |
| 5112 | Bureau of Mines | Amy Carlson | Curt Nichols |
| 5113 | School for the Deaf & Blind | Beckie Graham | Amy Carlson |
| 5114 | Montana Arts Council | Beckie Graham | Amy Carlson |
| 5115 | State Library | Beckie Graham | Amy Carlson |
| 5117 | Montana Historical Society | Beckie Graham | Amy Carlson |
| 5119 | Fire Services Training School | Amy Carlson | Curt Nichols |

Section F – Long Range Building

| | |
|-------------|-------------|
| Doug Booker | Jane Hamman |
|-------------|-------------|

State of Montana Vision and Goals

THE VISION:

WE MONTANANS WANT OUR STATE TO BE ECONOMICALLY VIBRANT, ENVIRONMENTALLY CLEAN AND SOCIALLY SECURE, WITH ROOM TO LIVE OUR INDIVIDUAL DREAMS IN THE 21ST CENTURY.

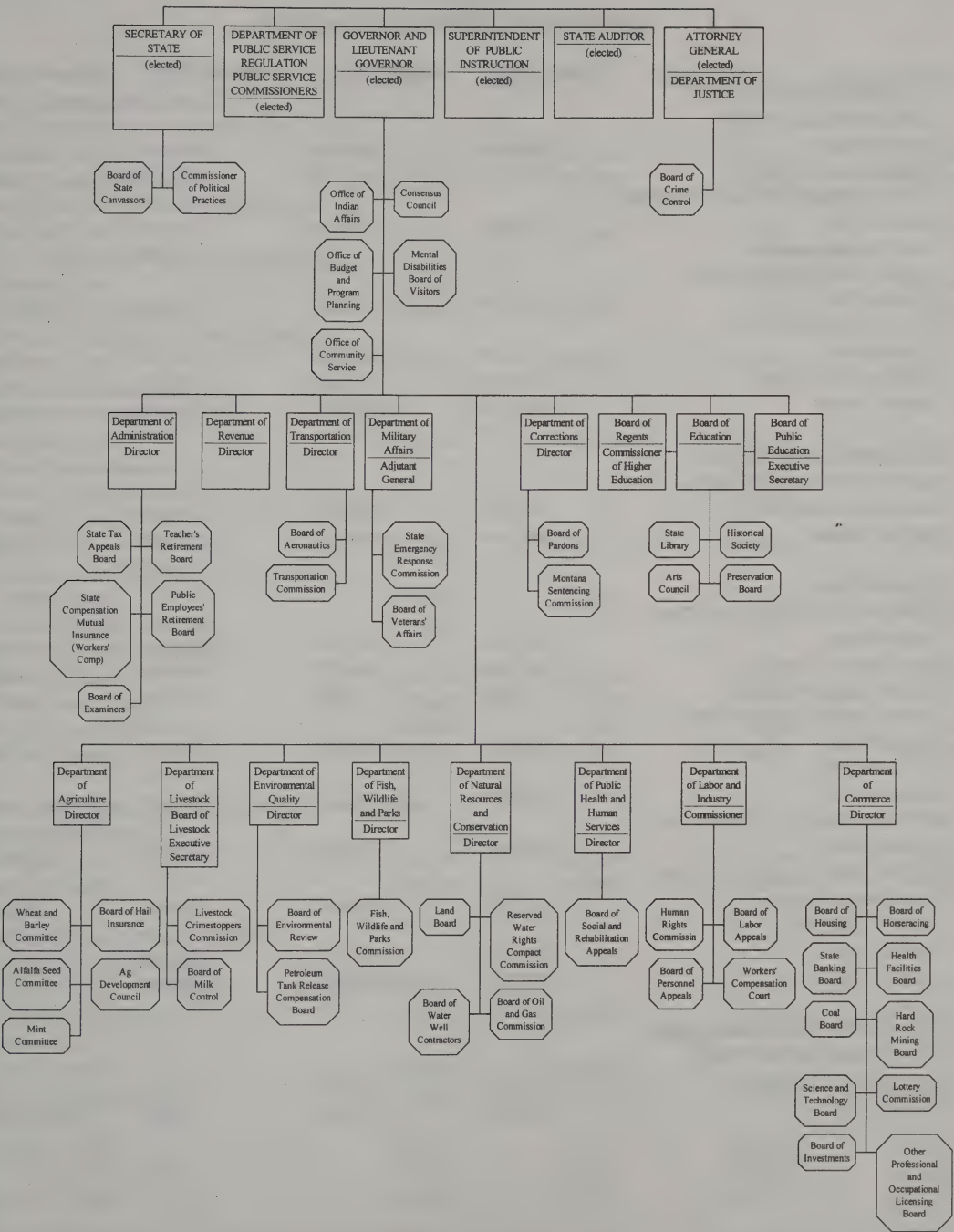
THE GOALS:

1. To protect and enhance the health, well-being and productivity of all Montanans.
2. To preserve the environment and ensure wise, productive use of our natural resources.
3. To build a solid foundation for educational opportunities and social and economic prosperity.
4. To ensure the safety of our communities.

2003 Biennium Executive Budget Bills

| <u>HB No.</u> | <u>Brief Title of Legislation</u> |
|---------------|---|
| 1 | Feed Bill |
| 2 | General Appropriations Act |
| 3 | Supplemental Appropriations for current biennium |
| 4 | Budget Amendments |
| 5 | Long-Range Building Program appropriations |
| 6 | Renewable Resource Grants Program |
| 7 | Reclamation and Development Grants Program |
| 8 | Renewable Resource bonds and loans |
| 9 | Cultural and Aesthetic Grants Program |
| 10 | Oil Overcharge appropriations |
| 11 | Treasure State Endowment Program |
| 12 | GO bonds for State Building Energy Conservation Program |
| 13 | Pay plan bill |
| 14 | Long-Range Building Program GO bonds |
| 15 | Information Technology GO bonds |
| 16 | Coal tax trust fund loan for heritage tourism |
| 17 | Emergency supplemental appropriations for fires |

EXECUTIVE BRANCH ORGANIZATION



AGENCY BUDGET SUMMARY HB 2 ALL FUNDS

Table R-1
AGENCY BUDGET SUMMARY HB 2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|--------------------------------------|------------------|-------------------|-------------------|-------------------|
| 1104 LEGISLATIVE BRANCH | | | | |
| LEGISLATIVE SERVICES | | | | |
| General Fund | 3,650,692 | 3,855,665 | 4,430,640 | 5,242,420 |
| State Special Revenue | 997,797 | 448,063 | 917,853 | 439,738 |
| LEGIS. COMMITTEES & ACTIVITIES | | | | |
| General Fund | 316,959 | 259,481 | 933,501 | 0 |
| State Special Revenue | 0 | 0 | 77,285 | 0 |
| FISCAL ANALYSIS & REVIEW | | | | |
| General Fund | 1,032,018 | 1,079,660 | 1,107,456 | 1,152,486 |
| AUDIT & EXAMINATION | | | | |
| General Fund | 1,730,069 | 1,803,451 | 1,881,243 | 1,894,953 |
| State Special Revenue | 1,118,180 | 1,275,698 | 1,436,452 | 1,372,966 |
| Agency Totals | 8,845,715 | 8,722,018 | 10,784,430 | 10,102,563 |
| 1112 CONSUMER COUNSEL | | | | |
| ADMINISTRATION PROGRAM | | | | |
| State Special Revenue | 867,516 | 1,098,793 | 1,106,076 | 1,108,133 |
| Agency Totals | 867,516 | 1,098,793 | 1,106,076 | 1,108,133 |
| 2110 JUDICIARY | | | | |
| SUPREME COURT OPERATIONS | | | | |
| General Fund | 2,675,451 | 2,781,800 | 3,509,846 | 3,467,138 |
| State Special Revenue | 862,894 | 1,004,526 | 1,000,000 | 1,000,000 |
| Federal Special Revenue | 75,000 | 74,999 | 413,725 | 413,725 |
| BOARDS AND COMMISSIONS | | | | |
| General Fund | 200,676 | 255,832 | 328,253 | 327,305 |
| LAW LIBRARY | | | | |
| General Fund | 693,643 | 662,367 | 796,477 | 791,985 |
| DISTRICT COURT OPERATIONS | | | | |
| General Fund | 4,359,540 | 4,516,993 | 4,862,787 | 4,886,134 |
| WATER COURTS SUPERVISION | | | | |
| State Special Revenue | 625,320 | 649,468 | 669,691 | 678,959 |
| CLERK OF COURT | | | | |
| General Fund | 274,746 | 277,402 | 381,971 | 375,851 |
| Agency Totals | 9,767,270 | 10,223,387 | 11,962,750 | 11,941,097 |
| 2115 CHIROPRACTIC LEGAL PANEL | | | | |
| LEGAL PANEL OPERATIONS | | | | |
| State Special Revenue | 10,539 | 17,193 | 15,000 | 15,000 |
| Agency Totals | 10,539 | 17,193 | 15,000 | 15,000 |

AGENCY BUDGET SUMMARY HB 2 ALL FUNDS

Table R-1
AGENCY BUDGET SUMMARY HB 2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|---|------------------|------------------|------------------|------------------|
| 3101 GOVERNOR'S OFFICE | | | | |
| EXECUTIVE OFFICE PROGRAM | | | | |
| General Fund | 1,124,481 | 1,192,243 | 1,235,160 | 1,213,644 |
| State Special Revenue | 207,390 | 245,932 | 288,715 | 289,419 |
| MANSION MAINTENANCE PROGRAM | | | | |
| General Fund | 79,921 | 74,683 | 79,548 | 79,703 |
| AIR TRANSPORTATION PROGRAM | | | | |
| General Fund | 170,710 | 147,584 | 176,001 | 177,300 |
| State Special Revenue | 15,998 | 16,096 | 16,000 | 16,000 |
| OFFICE OF BDGET & PGM PLANNING | | | | |
| General Fund | 1,051,174 | 1,045,755 | 1,133,442 | 1,099,074 |
| State Special Revenue | 0 | 0 | 0 | 0 |
| INDIAN AFFAIRS | | | | |
| General Fund | 105,116 | 117,760 | 113,367 | 113,750 |
| State Special Revenue | 0 | 0 | 150,000 | 0 |
| Federal Special Revenue | 0 | 0 | 2,000,000 | 0 |
| LT. GOVERNOR | | | | |
| General Fund | 208,761 | 207,764 | 226,503 | 228,092 |
| CITIZENS ADVOCATE OFFICE | | | | |
| General Fund | 65,649 | 64,880 | 66,192 | 66,403 |
| Federal Special Revenue | 14,192 | 15,279 | 15,000 | 15,000 |
| MENTAL DIS BD VISITORS | | | | |
| General Fund | 218,740 | 232,626 | 264,183 | 261,083 |
| State Special Revenue | 7,358 | 9,724 | 0 | 0 |
| Federal Special Revenue | 29,464 | 27,796 | 30,000 | 30,500 |
| Agency Totals | 3,298,954 | 3,398,122 | 5,794,111 | 3,589,968 |
| 3202 COMMISSIONER OF POLITICAL PRACTICES | | | | |
| ADMINISTRATION | | | | |
| General Fund | 317,129 | 367,961 | 352,660 | 349,043 |
| Agency Totals | 317,129 | 367,961 | 352,660 | 349,043 |
| 3401 STATE AUDITOR'S OFFICE | | | | |
| CENTRAL MANAGEMENT | | | | |
| General Fund | 152,416 | 0 | 0 | 0 |
| State Special Revenue | 271,076 | 466,000 | 535,891 | 529,567 |
| INSURANCE | | | | |
| General Fund | 512,384 | 2,000,000 | 0 | 0 |
| State Special Revenue | 1,799,803 | 2,677,639 | 2,556,001 | 2,496,146 |
| SECURITIES | | | | |
| General Fund | 341,795 | 427,878 | 356,945 | 355,658 |
| State Special Revenue | 135,497 | 139,587 | 203,106 | 201,333 |
| Agency Totals | 3,212,971 | 5,711,104 | 3,651,943 | 3,582,704 |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|---|--------------------|--------------------|--------------------|--------------------|
| General Fund | 4,330,299 | 4,395,494 | 6,040,862 | 6,084,299 |
| State Special Revenue | 242,216 | 266,000 | 183,911 | 183,911 |
| Federal Special Revenue | 5,148,443 | 7,852,974 | 7,604,030 | 7,626,753 |
| Proprietary Funds | 0 | 0 | 152,083 | 152,114 |
| DISTRIBUTION TO PUBLIC SCHOOLS | | | | |
| General Fund | 476,555,227 | 491,769,841 | 486,835,440 | 496,812,595 |
| State Special Revenue | 1,000,000 | 1,000,006 | 750,000 | 750,000 |
| Federal Special Revenue | 73,808,525 | 73,917,376 | 87,765,281 | 90,160,732 |
| Agency Totals | 561,084,710 | 579,201,691 | 589,331,607 | 601,770,404 |
| 4107 CRIME CONTROL DIVISION | | | | |
| JUSTICE SYSTEM SUPPORT SERVICE | | | | |
| General Fund | 2,511,110 | 2,553,913 | 2,600,546 | 2,611,929 |
| Federal Special Revenue | 8,244,466 | 12,645,156 | 10,349,657 | 10,346,389 |
| Agency Totals | 10,755,576 | 15,199,069 | 12,950,203 | 12,958,318 |
| 4110 DEPARTMENT OF JUSTICE | | | | |
| LEGAL SERVICES DIVISION | | | | |
| General Fund | 2,407,043 | 2,713,883 | 2,855,836 | 2,873,992 |
| State Special Revenue | 279,238 | 287,284 | 286,403 | 287,757 |
| Federal Special Revenue | 63,395 | 205,020 | 152,228 | 152,691 |
| GAMBLING CONTROL DIVISION | | | | |
| General Fund | 901,388 | 536,079 | 960,122 | 965,960 |
| State Special Revenue | 2,005,940 | 2,666,552 | 2,303,835 | 2,326,046 |
| MOTOR VEHICLE DIVISION | | | | |
| General Fund | 7,616,656 | 7,741,979 | 8,515,983 | 8,425,968 |
| State Special Revenue | 403,056 | 403,054 | 403,056 | 403,056 |
| Federal Special Revenue | 0 | 0 | 0 | 0 |
| HIGHWAY PATROL DIVISION | | | | |
| General Fund | 1,042,073 | 1,083,606 | 1,079,779 | 1,112,796 |
| State Special Revenue | 15,552,254 | 16,202,118 | 17,227,644 | 17,528,702 |
| Federal Special Revenue | 693,174 | 706,301 | 969,038 | 975,779 |
| DIVISION OF CRIMINAL INVESTIGATION | | | | |
| General Fund | 2,214,742 | 2,349,717 | 2,438,757 | 2,453,101 |
| State Special Revenue | 355,806 | 370,795 | 321,704 | 322,960 |
| Federal Special Revenue | 1,118,734 | 1,154,606 | 1,338,651 | 1,344,603 |
| COUNTY ATTORNEY PAYROLL | | | | |
| General Fund | 1,556,508 | 1,630,606 | 1,706,886 | 1,752,445 |
| LAW ENFORCEMENT ACADEMY DIV | | | | |
| General Fund | 1,033,438 | 1,080,553 | 1,112,954 | 1,098,227 |
| State Special Revenue | 0 | 0 | 50,000 | 50,000 |
| Federal Special Revenue | 0 | 0 | 199,607 | 199,722 |
| CENTRAL SERVICES DIVISION | | | | |
| General Fund | 254,296 | 240,278 | 319,391 | 292,105 |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|--|-------------------|-------------------|-------------------|-------------------|
| State Special Revenue | 324,913 | 326,512 | 409,166 | 374,267 |
| Proprietary Funds | 11,760 | 10,991 | 14,879 | 13,609 |
| JUSTICE INFORMATION SYSTEMS DIVISION | | | | |
| General Fund | 2,486,200 | 2,560,384 | 3,028,992 | 3,043,760 |
| State Special Revenue | 657,371 | 697,240 | 657,371 | 657,371 |
| Federal Special Revenue | 474,801 | 159,389 | 774,801 | 774,801 |
| Proprietary Funds | 10,214 | 10,214 | 10,214 | 10,214 |
| EXTRADITION & TRANSP PRISONERS | | | | |
| General Fund | 164,479 | 165,255 | 165,657 | 166,869 |
| FORENSIC SCIENCE DIVISION | | | | |
| General Fund | 1,886,174 | 1,930,595 | 2,158,231 | 2,147,719 |
| State Special Revenue | 303,202 | 300,912 | 303,205 | 303,205 |
| Federal Special Revenue | 49,685 | 74,721 | 185,673 | 185,973 |
| Agency Totals | 43,866,540 | 45,608,644 | 49,950,063 | 50,243,698 |
| 4201 PUBLIC SERVICE REGULATION | | | | |
| PUBLIC SERVICE REGULATION PROG | | | | |
| State Special Revenue | 2,300,576 | 2,491,662 | 3,236,594 | 2,417,164 |
| Federal Special Revenue | 15,616 | 20,099 | 13,763 | 13,763 |
| Agency Totals | 2,316,192 | 2,511,761 | 3,250,357 | 2,430,927 |
| 5101 BOARD OF PUBLIC EDUCATION | | | | |
| ADMINISTRATION | | | | |
| General Fund | 137,503 | 138,362 | 156,828 | 155,507 |
| State Special Revenue | 11,425 | 11,748 | 12,041 | 12,041 |
| ADVISORY COUNCIL | | | | |
| State Special Revenue | 148,727 | 177,261 | 163,135 | 161,994 |
| Agency Totals | 297,655 | 327,371 | 332,004 | 329,542 |
| 5102 COMMISSIONER OF HIGHER EDUCATION | | | | |
| ADMINISTRATION PROGRAM | | | | |
| General Fund | 1,186,818 | 1,174,288 | 1,326,037 | 1,305,547 |
| State Special Revenue | 0 | 0 | 0 | 0 |
| STUDENT ASSISTANCE PROGRAM | | | | |
| General Fund | 7,383,508 | 7,717,271 | 8,968,290 | 9,248,008 |
| Federal Special Revenue | 70,414 | 210,784 | 84,871 | 84,871 |
| DDE MATHEMATICS & SCI ED ACT | | | | |
| Federal Special Revenue | 216,295 | 312,602 | 312,744 | 312,744 |
| COMMUNITY COLLEGE ASSISTANCE | | | | |
| General Fund | 5,204,315 | 5,802,528 | 5,577,726 | 5,600,537 |
| TALENT SEARCH | | | | |
| General Fund | 81,995 | 97,698 | 94,085 | 94,593 |
| Federal Special Revenue | 426,807 | 614,858 | 2,999,420 | 3,135,332 |
| C.D. PERKINS ADMIN | | | | |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|---|--------------------|--------------------|--------------------|--------------------|
| General Fund | 76,528 | 88,542 | 80,000 | 80,000 |
| Federal Special Revenue | 8,535,863 | 8,457,140 | 7,767,340 | 6,127,275 |
| APPROPRIATION DISTRIBUTION | | | | |
| General Fund | 110,517,609 | 112,214,724 | 122,231,057 | 124,545,531 |
| State Special Revenue | 15,567,144 | 16,151,000 | 12,821,144 | 12,989,144 |
| TRIBAL COLLEGE ASSISTANCE PROGRAM | | | | |
| General Fund | 0 | 0 | 417,000 | 417,000 |
| GUARANTEED STUDENT LOAN PGM | | | | |
| Federal Special Revenue | 22,962,076 | 34,582,254 | 34,692,811 | 37,396,398 |
| BOARD OF REGENTS-ADMIN | | | | |
| General Fund | 43,762 | 43,888 | 43,762 | 43,762 |
| Agency Totals | 172,273,134 | 187,467,577 | 197,416,287 | 201,380,742 |
| 5113 MONTANA SCHOOL FOR THE DEAF AND BLIND | | | | |
| ADMINISTRATION PROGRAM | | | | |
| General Fund | 287,964 | 305,507 | 333,093 | 303,298 |
| GENERAL SERVICES PROGRAM | | | | |
| General Fund | 306,719 | 309,498 | 315,673 | 317,099 |
| STUDENT SERVICES PROGRAM | | | | |
| General Fund | 893,270 | 970,281 | 911,838 | 915,326 |
| Federal Special Revenue | 24,644 | 24,644 | 25,000 | 25,000 |
| EDUCATION PROGRAM | | | | |
| General Fund | 1,706,473 | 1,767,725 | 1,876,807 | 1,877,264 |
| State Special Revenue | 228,068 | 228,069 | 235,065 | 235,065 |
| Federal Special Revenue | 56,750 | 56,750 | 63,898 | 63,898 |
| Agency Totals | 3,503,888 | 3,662,474 | 3,761,374 | 3,736,950 |
| 5114 MONTANA ARTS COUNCIL | | | | |
| PROMOTION OF THE ARTS | | | | |
| General Fund | 280,604 | 278,549 | 371,686 | 340,748 |
| State Special Revenue | 132,440 | 129,399 | 140,829 | 137,416 |
| Federal Special Revenue | 400,212 | 442,934 | 477,500 | 477,500 |
| Agency Totals | 813,256 | 850,882 | 990,015 | 955,664 |
| 5115 LIBRARY COMMISSION | | | | |
| STATE LIBRARY OPERATIONS | | | | |
| General Fund | 1,540,599 | 1,578,590 | 2,180,740 | 1,905,152 |
| State Special Revenue | 174,921 | 182,173 | 295,210 | 295,210 |
| Federal Special Revenue | 662,307 | 1,388,955 | 1,200,694 | 750,694 |
| NATURAL RESOURCE INFO SYSTEM | | | | |
| General Fund | 57,234 | 44,972 | 105,388 | 109,594 |
| State Special Revenue | 492,560 | 491,443 | 651,871 | 626,929 |
| Federal Special Revenue | 30,000 | 45,000 | 505,000 | 30,000 |
| Agency Totals | 2,957,621 | 3,731,133 | 4,938,903 | 3,717,579 |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|--|------------------|------------------|------------------|------------------|
| 5117 MONTANA HISTORICAL SOCIETY | | | | |
| ADMINISTRATION PROGRAM | | | | |
| General Fund | 737,206 | 736,771 | 1,152,701 | 1,125,406 |
| State Special Revenue | 81,510 | 101,488 | 102,023 | 102,023 |
| Federal Special Revenue | 57,178 | 58,580 | 57,587 | 58,409 |
| Proprietary Funds | 0 | 0 | 70,000 | 70,000 |
| LIBRARY PROGRAM | | | | |
| General Fund | 556,884 | 508,152 | 595,683 | 598,687 |
| State Special Revenue | 2,808 | 4,289 | 2,808 | 2,808 |
| Federal Special Revenue | 0 | 0 | 0 | 0 |
| Proprietary Funds | 55,994 | 56,510 | 59,727 | 59,799 |
| MUSEUM PROGRAM | | | | |
| General Fund | 280,204 | 253,396 | 430,602 | 433,938 |
| State Special Revenue | 108,268 | 134,756 | 128,217 | 128,769 |
| Proprietary Funds | 7,943 | 9,031 | 7,618 | 7,618 |
| PUBLICATIONS | | | | |
| General Fund | 53,652 | 53,650 | 73,652 | 73,652 |
| State Special Revenue | 0 | 0 | 0 | 0 |
| Proprietary Funds | 666,913 | 713,935 | 699,020 | 700,494 |
| HISTORICAL SITES PRESERVATION | | | | |
| General Fund | 22,574 | 23,956 | 47,381 | 44,451 |
| State Special Revenue | 0 | 0 | 0 | 0 |
| Federal Special Revenue | 404,510 | 481,746 | 813,196 | 815,607 |
| LEWIS & CLARK BICENTENNIAL | | | | |
| General Fund | 0 | 0 | 100,000 | 100,000 |
| Agency Totals | 3,035,644 | 3,136,260 | 4,340,215 | 4,321,661 |
| 5201 DEPARTMENT OF FISH, WILDLIFE AND PARKS | | | | |
| ADMINISTRATION & FINANCE DIV. | | | | |
| State Special Revenue | 5,598,691 | 4,594,622 | 6,038,466 | 6,010,089 |
| Federal Special Revenue | 2,023,782 | 623,183 | 1,276,587 | 1,264,829 |
| Proprietary Funds | 0 | 0 | 0 | 0 |
| FIELD SERVICES DIVISION | | | | |
| State Special Revenue | 4,843,842 | 5,729,950 | 6,702,156 | 6,687,177 |
| Federal Special Revenue | 678,261 | 677,982 | 787,438 | 792,238 |
| Proprietary Funds | 0 | 0 | 0 | 0 |
| FISHERIES DIVISION | | | | |
| State Special Revenue | 3,152,488 | 3,180,444 | 3,362,831 | 3,386,018 |
| Federal Special Revenue | 3,418,265 | 3,454,250 | 5,726,623 | 5,774,929 |
| LAW ENFORCEMENT DIVISION | | | | |
| General Fund | 132,693 | 128,730 | 136,669 | 136,669 |
| State Special Revenue | 5,717,358 | 6,015,521 | 6,116,547 | 6,002,540 |
| Federal Special Revenue | 229,727 | 231,129 | 487,130 | 446,619 |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|---|-------------------|-------------------|-------------------|-------------------|
| WILDLIFE DIVISION | | | | |
| State Special Revenue | 3,366,666 | 4,517,997 | 3,736,911 | 3,787,027 |
| Federal Special Revenue | 3,225,488 | 3,299,816 | 4,195,039 | 4,224,112 |
| PARKS DIVISION | | | | |
| General Fund | 284,076 | 285,620 | 294,189 | 294,189 |
| State Special Revenue | 4,547,243 | 4,403,843 | 4,864,717 | 4,612,899 |
| Federal Special Revenue | 793,089 | 874,839 | 527,000 | 527,000 |
| Proprietary Funds | 0 | 0 | 0 | 0 |
| CONSERVATION EDUCATION DIV | | | | |
| General Fund | 2,697 | 2,698 | 2,697 | 2,697 |
| State Special Revenue | 1,690,907 | 1,600,236 | 1,889,875 | 1,722,398 |
| Federal Special Revenue | 392,860 | 435,830 | 736,648 | 736,648 |
| DEPARTMENT MANAGEMENT | | | | |
| State Special Revenue | 2,736,253 | 2,703,132 | 2,671,769 | 2,666,019 |
| Federal Special Revenue | 729,816 | 693,774 | 2,168,125 | 2,209,990 |
| Agency Totals | 43,564,202 | 43,453,596 | 51,721,417 | 51,284,087 |
| 5301 DEPARTMENT OF ENVIRONMENTAL QUALITY | | | | |
| CENTRAL MANAGEMENT PROGRAM | | | | |
| General Fund | 14,041 | 15,001 | 428,206 | 174,280 |
| Federal Special Revenue | 3,381 | 0 | 3,381 | 3,381 |
| PLAN.PREVENT. & ASSIST.DIV. | | | | |
| General Fund | 1,747,869 | 1,911,200 | 2,509,540 | 2,500,995 |
| State Special Revenue | 911,584 | 1,026,813 | 1,073,825 | 1,068,848 |
| Federal Special Revenue | 4,533,693 | 5,787,873 | 9,264,507 | 8,742,766 |
| ENFORCEMENT DIVISION | | | | |
| General Fund | 501,560 | 517,631 | 544,069 | 532,140 |
| State Special Revenue | 170,063 | 188,688 | 181,382 | 182,415 |
| Federal Special Revenue | 356,700 | 413,688 | 377,863 | 379,990 |
| REMEDIATION DIVISION | | | | |
| State Special Revenue | 2,659,229 | 4,492,969 | 7,235,350 | 3,364,699 |
| Federal Special Revenue | 6,725,809 | 6,647,041 | 8,095,961 | 8,011,036 |
| PERMITTING & COMPLIANCE DIV. | | | | |
| General Fund | 1,002,906 | 1,102,819 | 1,479,889 | 1,346,940 |
| State Special Revenue | 16,116,988 | 56,536,861 | 40,811,694 | 8,652,768 |
| Federal Special Revenue | 3,048,297 | 3,093,641 | 4,253,139 | 4,238,526 |
| Agency Totals | 37,792,120 | 81,734,225 | 76,258,806 | 39,198,784 |
| 5401 DEPARTMENT OF TRANSPORTATION | | | | |
| GENERAL OPERATIONS PROGRAM | | | | |
| State Special Revenue | 13,356,684 | 13,837,532 | 17,754,281 | 17,400,260 |
| Federal Special Revenue | 717,661 | 595,002 | 1,254,386 | 1,188,236 |
| CONSTRUCTION PROGRAM | | | | |
| General Fund | 250,000 | 250,000 | 250,000 | 250,000 |
| State Special Revenue | 90,693,250 | 46,153,810 | 72,040,676 | 74,647,570 |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|--|--------------------|--------------------|--------------------|--------------------|
| Federal Special Revenue | 236,847,100 | 285,838,040 | 289,874,050 | 296,628,731 |
| MAINTENANCE PROGRAM | | | | |
| State Special Revenue | 68,159,583 | 79,023,706 | 76,603,219 | 76,933,372 |
| Federal Special Revenue | 812,538 | 9,246,376 | 5,090,609 | 5,090,609 |
| MOTOR CARRIER SERVICES DIV. | | | | |
| State Special Revenue | 4,798,503 | 4,985,278 | 5,039,123 | 5,056,982 |
| AERONAUTICS PROGRAM | | | | |
| State Special Revenue | 712,150 | 1,234,641 | 1,450,814 | 768,273 |
| Federal Special Revenue | 65,000 | 74,230 | 85,500 | 85,500 |
| TRANSPORTATION PLANNING DIVISI | | | | |
| State Special Revenue | 1,691,313 | 1,641,187 | 2,597,665 | 2,061,597 |
| Federal Special Revenue | 4,834,265 | 7,204,308 | 7,121,222 | 6,668,088 |
| Agency Totals | 422,938,047 | 450,084,110 | 479,161,545 | 486,779,218 |
| 5603 DEPARTMENT OF LIVESTOCK | | | | |
| CENTRALIZED SERVICES PROGRAM | | | | |
| General Fund | 2,217 | 100,316 | 64,597 | 64,597 |
| State Special Revenue | 923,040 | 927,046 | 1,129,157 | 1,032,956 |
| Federal Special Revenue | 48,801 | 49,580 | 131,479 | 87,682 |
| DIAGNOSTIC LABORATORY PROGRAM | | | | |
| General Fund | 192,442 | 164,210 | 192,442 | 192,442 |
| State Special Revenue | 1,140,536 | 1,085,622 | 1,204,147 | 1,222,105 |
| Federal Special Revenue | 0 | 0 | 11,200 | 17,500 |
| ANIMAL HEALTH DIVISION | | | | |
| State Special Revenue | 646,227 | 684,249 | 862,190 | 892,284 |
| Federal Special Revenue | 0 | 0 | 693,920 | 709,550 |
| MILK & EGG PROGRAM | | | | |
| State Special Revenue | 241,831 | 251,437 | 244,588 | 249,239 |
| Federal Special Revenue | 20,669 | 20,670 | 25,000 | 25,000 |
| INSPECTION & CONTROL PROGRAM | | | | |
| State Special Revenue | 2,617,978 | 2,635,621 | 2,682,710 | 2,622,715 |
| PREDATOR CONTROL | | | | |
| State Special Revenue | 511,471 | 512,201 | 435,235 | 442,718 |
| MEAT/POULTRY INSPECTION | | | | |
| General Fund | 337,618 | 419,819 | 399,543 | 404,526 |
| State Special Revenue | 1,772 | 1,762 | 1,772 | 1,772 |
| Federal Special Revenue | 377,689 | 419,864 | 401,318 | 406,300 |
| MILK CONTROL BUREAU | | | | |
| State Special Revenue | 158,602 | 181,563 | 182,017 | 181,480 |
| Agency Totals | 7,220,893 | 7,453,960 | 8,661,315 | 8,552,866 |
| 5706 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION | | | | |
| CENTRALIZED SERVICES | | | | |
| General Fund | 1,865,298 | 1,901,967 | 2,063,723 | 1,977,733 |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|--|-------------------|-------------------|-------------------|-------------------|
| State Special Revenue | 172,437 | 173,667 | 173,400 | 173,400 |
| Federal Special Revenue | 108,512 | 96,844 | 105,000 | 105,000 |
| OIL & GAS CONSERVATION DIV. | | | | |
| State Special Revenue | 868,921 | 1,103,019 | 1,226,842 | 1,243,414 |
| Federal Special Revenue | 118,715 | 110,000 | 0 | 0 |
| CONSERVATION/RESOURCE DEV DIV | | | | |
| General Fund | 2,871,886 | 2,835,291 | 4,244,347 | 3,309,204 |
| State Special Revenue | 1,226,064 | 1,295,507 | 1,471,608 | 1,507,531 |
| Federal Special Revenue | 150,252 | 182,090 | 1,161,651 | 161,651 |
| WATER RESOURCES DIVISION | | | | |
| General Fund | 5,693,470 | 5,833,127 | 6,106,095 | 6,175,972 |
| State Special Revenue | 971,226 | 1,065,849 | 4,869,852 | 1,217,964 |
| Federal Special Revenue | 135,515 | 132,250 | 412,112 | 413,182 |
| RESERVED WATER RIGHTS COMP COM | | | | |
| General Fund | 644,212 | 691,548 | 737,513 | 744,412 |
| State Special Revenue | 0 | 0 | 0 | 0 |
| FORESTRY & TRUST LANDS | | | | |
| General Fund | 5,454,428 | 5,750,344 | 6,271,995 | 6,196,669 |
| State Special Revenue | 9,552,704 | 10,407,005 | 11,269,337 | 11,300,866 |
| Federal Special Revenue | 994,328 | 1,247,069 | 1,570,404 | 1,379,818 |
| Agency Totals | 30,827,968 | 32,825,577 | 41,683,879 | 35,906,816 |
| 5801 DEPARTMENT OF REVENUE | | | | |
| DIRECTORS OFFICE | | | | |
| General Fund | 2,631,010 | 2,611,953 | 2,978,087 | 2,759,765 |
| State Special Revenue | 574 | 0 | 300 | 0 |
| Federal Special Revenue | 805 | 0 | 800 | 0 |
| Proprietary Funds | 139,673 | 142,259 | 225,240 | 229,721 |
| INFORMATION TECHNOLOGY | | | | |
| General Fund | 1,899,468 | 1,687,597 | 1,742,610 | 1,840,849 |
| Federal Special Revenue | 178,339 | 184,065 | 190,662 | 196,382 |
| Proprietary Funds | 323,088 | 328,755 | 510,309 | 520,461 |
| RESOURCE MANAGEMENT | | | | |
| General Fund | 1,166,663 | 1,072,521 | 1,542,219 | 1,556,916 |
| Proprietary Funds | 1,367,727 | 1,399,590 | 1,586,838 | 1,592,780 |
| COMPLIANCE VALUATION AND RESOLUTION | | | | |
| General Fund | 34,284,577 | 77,793,863 | 76,826,838 | 77,142,814 |
| State Special Revenue | 252,411 | 252,854 | 213,345 | 213,214 |
| Federal Special Revenue | 1,818,782 | 1,900,984 | 1,940,119 | 1,984,848 |
| Agency Totals | 44,063,117 | 87,374,441 | 87,757,367 | 88,037,750 |
| 6101 DEPARTMENT OF ADMINISTRATION | | | | |
| GOVERNOR ELECT PROGRAM | | | | |
| General Fund | 0 | 0 | 0 | 0 |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|---|------------------|-------------------|------------------|------------------|
| ACCOUNTING & MGMT SUPPORT PROG | | | | |
| General Fund | 1,108,502 | 1,119,043 | 1,417,504 | 1,170,292 |
| State Special Revenue | 2,557 | 11,376 | 5,057 | 5,057 |
| Federal Special Revenue | 28,670 | 32,332 | 64,768 | 62,906 |
| Proprietary Funds | 41,008 | 38,395 | 41,235 | 41,407 |
| ARCH & ENGINEERING PGM | | | | |
| State Special Revenue | 1,034,832 | 1,058,274 | 1,156,831 | 1,165,277 |
| Capital Projects | 0 | 0 | 0 | 0 |
| PROCUREMENT & PRINTING DIV. | | | | |
| General Fund | 508,524 | 515,002 | 541,198 | 543,141 |
| INFORMATION SERVICES DIVISION | | | | |
| General Fund | 598,112 | 623,218 | 192,275 | 190,687 |
| Federal Special Revenue | 0 | 0 | 800,000 | 0 |
| GENERAL SERVICES PROGRAM | | | | |
| General Fund | 341,410 | 356,350 | 405,504 | 412,534 |
| Capital Projects | 0 | 0 | 0 | 0 |
| STATE PERSONNEL DIVISION | | | | |
| General Fund | 1,116,125 | 1,204,080 | 1,168,972 | 1,153,889 |
| State Special Revenue | 4,596 | 13,000 | 28,600 | 29,400 |
| STATE TAX APPEAL BOARD | | | | |
| General Fund | 283,325 | 399,958 | 376,411 | 378,625 |
| Agency Totals | 5,067,661 | 5,371,028 | 6,198,355 | 5,153,215 |
| 6102 APPELLATE DEFENDER | | | | |
| APPELLATE DEFENDER | | | | |
| State Special Revenue | 170,891 | 192,427 | 181,134 | 182,501 |
| Agency Totals | 170,891 | 192,427 | 181,134 | 182,501 |
| 6201 DEPARTMENT OF AGRICULTURE | | | | |
| CENTRAL MANAGEMENT DIVISION | | | | |
| General Fund | 230,062 | 205,117 | 264,228 | 252,978 |
| State Special Revenue | 319,055 | 322,424 | 480,194 | 417,012 |
| Federal Special Revenue | 94,201 | 95,971 | 68,813 | 68,655 |
| Proprietary Funds | 32,621 | 33,167 | 88,374 | 55,458 |
| AGRICULTURAL SCIENCES DIV. | | | | |
| General Fund | 51,204 | 65,603 | 139,158 | 141,239 |
| State Special Revenue | 4,649,966 | 5,094,111 | 4,485,554 | 4,468,096 |
| Federal Special Revenue | 378,612 | 438,072 | 525,726 | 527,154 |
| AGRICULTURAL DEVELOPMENT | | | | |
| General Fund | 327,448 | 1,413,000 | 359,335 | 362,239 |
| State Special Revenue | 2,482,175 | 6,238,651 | 3,247,188 | 3,159,930 |
| Federal Special Revenue | 45,243 | 648,053 | 45,710 | 45,710 |
| Proprietary Funds | 242,676 | 260,734 | 271,395 | 271,721 |
| Agency Totals | 8,853,263 | 14,814,903 | 9,975,675 | 9,770,192 |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|---------------------------------------|-------------------|-------------------|--------------------|--------------------|
| 6401 DEPARTMENT OF CORRECTIONS | | | | |
| ADMIN AND SUPPORT SERVICES | | | | |
| General Fund | 13,283,400 | 14,122,096 | 16,666,237 | 16,396,306 |
| State Special Revenue | 2,695 | 99,542 | 4,321 | 1,358 |
| Federal Special Revenue | 0 | 0 | 0 | 0 |
| Proprietary Funds | 52,838 | 50,308 | 67,057 | 65,181 |
| COMMUNITY CORRECTIONS | | | | |
| General Fund | 31,104,645 | 31,327,488 | 33,884,684 | 36,311,481 |
| State Special Revenue | 517,239 | 229,705 | 573,890 | 573,890 |
| Federal Special Revenue | 240,518 | 260,764 | 428,987 | 428,987 |
| SECURE FACILITIES | | | | |
| General Fund | 43,682,312 | 43,993,477 | 51,108,286 | 54,764,935 |
| State Special Revenue | 1,081,203 | 1,370,366 | 1,152,279 | 1,152,595 |
| Federal Special Revenue | 217,367 | 321,340 | 533,362 | 556,968 |
| MONT CORRECTIONAL ENTERPRISES | | | | |
| General Fund | 1,033,831 | 1,046,168 | 1,020,245 | 1,022,711 |
| Federal Special Revenue | 0 | 0 | 0 | 0 |
| Proprietary Funds | 284,049 | 365,959 | 518,691 | 520,108 |
| Agency Totals | 91,500,097 | 93,187,213 | 105,958,039 | 111,794,520 |
| 6501 DEPARTMENT OF COMMERCE | | | | |
| WEIGHT & MEASURES DIVISION | | | | |
| State Special Revenue | 693,781 | 640,491 | 703,115 | 704,229 |
| BANKING & FINANCIAL DIVISION | | | | |
| State Special Revenue | 1,236,835 | 1,707,180 | 1,588,337 | 1,594,203 |
| POL DIVISION | | | | |
| State Special Revenue | 4,644,237 | 5,072,746 | 5,401,948 | 5,334,529 |
| Proprietary Funds | 0 | 0 | 0 | 0 |
| RESEARCH AND COMMERCIALIZATION PGM | | | | |
| General Fund | 1,204 | 148,796 | 150,000 | 150,000 |
| ECONOMIC DEVELOPMENT DIVISION | | | | |
| General Fund | 1,090,864 | 1,089,219 | 1,266,938 | 1,249,042 |
| State Special Revenue | 236,521 | 217,593 | 248,660 | 248,660 |
| Federal Special Revenue | 3,191,098 | 3,707,425 | 4,072,872 | 4,073,273 |
| MONTANA PROMOTION DIVISION | | | | |
| State Special Revenue | 567,913 | 751,760 | 765,149 | 750,000 |
| COMMUNITY DEVELOPMENT DIVISION | | | | |
| General Fund | 359,188 | 387,331 | 448,383 | 445,960 |
| State Special Revenue | 1,803,777 | 1,607,414 | 1,942,710 | 2,000,225 |
| Federal Special Revenue | 6,306,231 | 8,327,370 | 8,180,724 | 8,181,196 |
| LOCAL GOV'T. SERVICES DIVISION | | | | |
| General Fund | 400,729 | 385,730 | 433,605 | 433,811 |
| BUILDING CODES DIVISION | | | | |

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

Table R-1

AGENCY BUDGET SUMMARY HB2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|---------------------------------|-------------------|-------------------|-------------------|--------------------|
| State Special Revenue | 2,834,310 | 3,182,823 | 3,281,971 | 3,258,779 |
| HOUSING DIVISION | | | | |
| Federal Special Revenue | 18,179,723 | 33,435,717 | 59,492,734 | 62,331,831 |
| Proprietary Funds | -7 | 0 | 0 | 0 |
| BOARD OF INVESTMENTS | | | | |
| State Special Revenue | 32,979 | 30,000 | 0 | 0 |
| MONTANA STATE LOTTERY | | | | |
| Proprietary Funds | 6,742,950 | 8,639,126 | 9,328,899 | 9,366,405 |
| BOARD OF HORSE RACING | | | | |
| State Special Revenue | 198,450 | 244,325 | 241,958 | 241,995 |
| CONSUMER AFFAIRS | | | | |
| General Fund | 243,246 | 259,396 | 329,767 | 329,057 |
| State Special Revenue | 24,707 | 96,982 | 75,000 | 75,000 |
| DIRECTOR/MANAGEMENT SERVICES | | | | |
| General Fund | 0 | 0 | 99,100 | 76,100 |
| State Special Revenue | 0 | 0 | 173,425 | 133,175 |
| Federal Special Revenue | 0 | 0 | 74,325 | 57,075 |
| Agency Totals | 48,788,736 | 69,931,424 | 98,299,620 | 101,034,545 |
| 6602 LABOR AND INDUSTRY | | | | |
| JOB SERVICE DIVISION | | | | |
| General Fund | 595,109 | 600,424 | 956,577 | 958,153 |
| State Special Revenue | 6,046,489 | 7,521,689 | 6,892,429 | 6,869,308 |
| Federal Special Revenue | 23,710,321 | 22,983,150 | 24,467,091 | 24,477,570 |
| Proprietary Funds | 7,682 | 8,083 | 6,832 | 6,832 |
| UNEMPLOYMENT INSURANCE DIVISION | | | | |
| State Special Revenue | 285,705 | 281,648 | 288,653 | 288,653 |
| Federal Special Revenue | 5,206,120 | 5,458,171 | 6,437,924 | 6,524,606 |
| COMMISSIONER'S OFFICE/CSD | | | | |
| General Fund | 133,561 | 136,217 | 166,287 | 166,729 |
| State Special Revenue | 552,457 | 611,182 | 543,305 | 545,244 |
| Federal Special Revenue | 437,167 | 513,180 | 453,082 | 454,863 |
| Proprietary Funds | 39,971 | 39,735 | 53,174 | 53,456 |
| EMPLOYMENT RELATIONS DIVISION | | | | |
| General Fund | 757,305 | 769,739 | 925,678 | 927,407 |
| State Special Revenue | 5,715,686 | 6,196,681 | 5,873,126 | 5,892,127 |
| Federal Special Revenue | 411,580 | 441,705 | 656,432 | 657,132 |
| Proprietary Funds | 0 | 0 | 0 | 0 |
| MT COMMUNITY SERVICES | | | | |
| General Fund | 24,895 | 24,897 | 99,895 | 99,895 |
| State Special Revenue | 4,999 | 5,000 | 28,191 | 28,200 |
| Federal Special Revenue | 1,839,374 | 1,965,758 | 2,968,889 | 2,969,805 |
| WORKERS COMPENSATION COURT | | | | |
| State Special Revenue | 396,373 | 403,883 | 427,811 | 432,759 |

AGENCY BUDGET SUMMARY HB 2 ALL FUNDS

Table R-1
AGENCY BUDGET SUMMARY HB 2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|--|-------------------|-------------------|-------------------|-------------------|
| WORKERS COMPENSATION COURT | | | | |
| State Special Revenue | 396,373 | 403,883 | 427,811 | 432,759 |
| Agency Totals | 46,164,794 | 47,961,142 | 51,245,376 | 51,352,739 |
| 6701 DEPARTMENT OF MILITARY AFFAIRS | | | | |
| OPERATIONS SUPPORT | | | | |
| General Fund | 324,696 | 398,462 | 382,391 | 385,262 |
| Federal Special Revenue | 35,558 | 40,677 | 72,316 | 73,179 |
| CHALLENGE PROGRAM | | | | |
| General Fund | 0 | 0 | 1,120,000 | 1,120,000 |
| Federal Special Revenue | 0 | 0 | 1,680,000 | 1,680,000 |
| SCHOLARSHIP PROGRAM | | | | |
| General Fund | 0 | 0 | 350,000 | 0 |
| ARMY NATIONAL GUARD PGM | | | | |
| General Fund | 1,150,302 | 1,150,340 | 1,314,130 | 1,366,585 |
| State Special Revenue | 3,138 | 25,000 | 28,500 | 28,500 |
| Federal Special Revenue | 3,129,388 | 3,432,316 | 3,706,215 | 3,786,960 |
| AIR NATIONAL GUARD PGM | | | | |
| General Fund | 196,218 | 215,639 | 202,401 | 209,691 |
| Federal Special Revenue | 1,791,247 | 1,888,020 | 2,041,389 | 2,033,102 |
| DISASTER COORDINATION RESPONSE | | | | |
| General Fund | 454,972 | 514,427 | 511,953 | 526,727 |
| State Special Revenue | 18,541 | 18,790 | 21,597 | 21,597 |
| Federal Special Revenue | 1,041,721 | 1,015,371 | 1,772,969 | 1,337,715 |
| VETERANS AFFAIRS PROGRAM | | | | |
| General Fund | 666,918 | 676,003 | 715,025 | 705,915 |
| State Special Revenue | 61,267 | 149,731 | 150,000 | 150,000 |
| Federal Special Revenue | 0 | 0 | 0 | 0 |
| Agency Totals | 8,873,966 | 9,524,776 | 14,068,886 | 13,425,233 |
| 6901 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES | | | | |
| HUMAN AND COMMUNITY SERVICES DIVISION | | | | |
| General Fund | 19,601,819 | 19,525,344 | 19,578,162 | 19,411,721 |
| State Special Revenue | 3,484,798 | 4,070,457 | 3,398,064 | 3,417,852 |
| Federal Special Revenue | 72,744,541 | 96,140,778 | 164,458,019 | 138,407,027 |
| CHILD & FAMILY SERVICES DIV | | | | |
| General Fund | 18,116,310 | 19,407,565 | 22,973,355 | 24,550,421 |
| State Special Revenue | 2,877,029 | 3,660,252 | 2,959,290 | 2,981,037 |
| Federal Special Revenue | 19,235,178 | 22,921,122 | 20,721,567 | 22,134,794 |
| DIRECTOR'S OFFICE | | | | |
| General Fund | 550,778 | 652,772 | 626,669 | 630,527 |
| State Special Revenue | 966,273 | 1,003,608 | 1,304,236 | 1,367,912 |
| Federal Special Revenue | 700,454 | 681,197 | 787,776 | 792,721 |
| CHILD SUPPORT ENFORCEMENT | | | | |

AGENCY BUDGET SUMMARY HB 2 ALL FUNDS

Table R-1
AGENCY BUDGET SUMMARY HB 2 ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY03 |
|--|----------------------|----------------------|----------------------|----------------------|
| General Fund | 211 | 0 | 0 | 0 |
| State Special Revenue | 2,327,013 | 2,420,196 | 3,375,760 | 3,371,771 |
| Federal Special Revenue | 6,041,904 | 6,721,657 | 7,041,908 | 6,937,965 |
| HEALTH POLICY & SERVICES DIVISION | | | | |
| General Fund | 48,619,148 | 51,471,704 | 57,619,612 | 60,777,872 |
| State Special Revenue | 11,561,315 | 9,927,226 | 14,815,769 | 16,469,541 |
| Federal Special Revenue | 178,318,813 | 190,794,945 | 225,474,777 | 241,537,418 |
| DIVISION OF QUALITY ASSURANCE | | | | |
| General Fund | 1,658,639 | 1,541,688 | 1,932,613 | 1,943,801 |
| State Special Revenue | 386,883 | 423,120 | 406,711 | 408,123 |
| Federal Special Revenue | 4,093,756 | 4,007,734 | 4,996,585 | 5,020,172 |
| OPERATIONS & TECHNOLOGY DIV | | | | |
| General Fund | 10,767,331 | 10,904,307 | 12,320,512 | 12,481,094 |
| State Special Revenue | 2,062,464 | 2,388,025 | 2,281,272 | 2,297,511 |
| Federal Special Revenue | 15,202,803 | 14,324,432 | 15,985,147 | 16,300,411 |
| DISABILITY SERVICES DIVISION | | | | |
| General Fund | 41,387,750 | 42,462,294 | 44,882,355 | 46,817,554 |
| State Special Revenue | 97,368 | 1,165,115 | 97,368 | 97,368 |
| Federal Special Revenue | 50,576,332 | 60,599,562 | 56,824,335 | 58,762,806 |
| SENIOR & LONG-TERM CARE SVCS | | | | |
| General Fund | 41,427,657 | 44,002,468 | 46,064,991 | 47,632,530 |
| State Special Revenue | 2,790,322 | 2,834,873 | 3,746,446 | 4,813,981 |
| Federal Special Revenue | 115,932,802 | 124,645,768 | 132,002,511 | 139,315,335 |
| ADDICTIVE & MENTAL DISORDERS | | | | |
| General Fund | 46,684,220 | 42,567,668 | 55,012,070 | 56,668,056 |
| State Special Revenue | 5,816,560 | 21,612,833 | 7,043,924 | 7,406,329 |
| Federal Special Revenue | 42,814,238 | 37,433,475 | 70,171,169 | 75,980,006 |
| Agency Totals | 766,844,709 | 840,312,185 | 998,902,973 | 1,018,733,656 |
| All Agencies | 2,389,894,774 | 2,655,456,447 | 2,931,002,385 | 2,933,740,115 |
| STATEWIDE TOTALS | | | | |
| General Fund | 1,045,458,225 | 1,116,991,601 | 1,176,287,414 | 1,202,327,663 |
| State Special Revenue | 365,493,799 | 406,017,611 | 415,214,876 | 378,139,432 |
| Federal Special Revenue | 968,915,650 | 1,120,340,443 | 1,325,788,510 | 1,339,535,642 |
| Proprietary Funds | 10,027,100 | 12,106,792 | 13,711,585 | 13,737,378 |
| All Agencies | 2,389,894,774 | 2,655,456,447 | 2,931,002,385 | 2,933,740,115 |

SUPPLEMENTAL APPROPRIATIONS RECOMMENDATIONS

- There is \$38,777,676 general fund and \$28,156,087 of state special and federal special revenue recommended for supplemental appropriations in FY 2001.
- FY 2001 is unique in that there is a change in administration for every statewide elected office and a potential change in the exempt staff of those officials. The projections for costs due to changes in administration will likely be amended during the course of deliberations on the regular supplemental appropriations bill.
- **HB 3** contains most of the supplemental appropriations.
- **HB 17** is an emergency supplemental appropriations bill for consideration early in the session to reimburse state agencies for fire suppression and fire-related costs.

General Government and Transportation – Section A

Governors Office - \$144,748 general fund for the change in administration.

State Auditor - \$3,582 general fund and \$62,517 state special revenue for the change in administration.

Department of Revenue - \$35,575 general fund for the change in administration.

Department of Administration - \$17,500 state special revenue authority for the day care center.

Public Health and Human Services – Section B

Department of PHHS – \$14,028,000 general fund and \$28,000,000 federal special revenue comprised of a shortfall in the Medicaid Primary Care program due to increased pharmaceutical costs and a shortfall in projected 9-mil levy funding used to provide state matching funds. This component of the supplemental is approximately \$10.4 million total funds (\$2.8 million general fund). The remainder of the supplemental request is due to increased costs in the Mental Health program, both the Medicaid and the non-Medicaid components. The department has taken steps to contain costs by enhancing management of the program through better utilization review, tightening the criteria for reimbursing partial hospitalization services, capping membership in the mental health services (non-Medicaid) plan, and refinancing services to eligible children from the Children's Health Insurance Program (CHIP).

Natural Resources and Commerce – Section C

Department of Natural Resources and Conservation – In HB 17 there is \$6,048,986 general fund, which is comprised of the general fund that was transferred from FY 2001 to FY 2000 to pay the costs of fire suppression last year, and \$2 million that was transferred from water resources to forestry in FY 2001. This supplemental recommendation is in a separate bill to enable more rapid legislative consideration of a single issue—fire costs. The DNRC will be unable to meet payroll in February without restoration of its FY 2001 budget or a general fund loan. Depending on what FEMA approves for additional reimbursements between now and the session, there may be several other agencies with unreimbursed expenses up to several hundred thousand dollars. The Department of Fish, Wildlife and Parks currently has the highest pending fire expenses and the executive recommends that the license account be made whole if FEMA or the US Forest Service does not pay those costs.

In HB 3 there is for fire suppression costs an additional \$7,134,721 general fund not expected to be reimbursed by FEMA or the US Forest Service and an additional \$42 million general fund that is expected to be reimbursed in either FY 2001 or FY 2002. The \$42 million also is carried on the executive budget balance sheet as revenue, split between both years.

Also in HB3, there is \$12,260 general fund for the change in administration.

Department of Agriculture - \$23,154 general fund and \$23,154 state special revenue for the change in administration.

SUPPLEMENTAL APPROPRIATIONS RECOMMENDATIONS

Public Safety and Justice – Section D

Department of Justice - \$134,927 general fund and \$60,056 state special revenue for the change in administration.

Department of Labor and Industry - \$10,360 federal special revenue for the change in administration.

Department of Military Affairs - \$18,251 general fund for the change in administration.

Education – Section E

Office of Public Instruction - \$153,249 general fund for the change in administration. In addition, there is \$8,905,000 general fund for K-12 BASE aid, and \$1,517,800 of general fund that is statutorily set aside, but not yet appropriated, from the timber harvest for technology revenue for distribution to school districts.

Montana Historical Society - \$249,923 general fund for moving the Bob Scriver collection from Browning to Helena and paying ongoing rent and utilities for the collection. In addition, there is \$350,000 general fund, which is a continuing appropriation for FY 2001 and FY2002, for the archival costs for all of the cumulative changes in administration.

STATUTORY APPROPRIATIONS ALL FUNDS

Table R-2
STATUTORY APPROPRIATIONS ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY02 |
|---|-------------------|-------------------|-------------------|-------------------|
| 2110 JUDICIARY | | | | |
| DISTRICT COURT REIMBURSEMENT | | | | |
| State Special Revenue | 6,430,188 | 5,469,894 | 6,424,673 | 6,424,856 |
| Agency Totals | 6,430,188 | 5,469,894 | 6,424,673 | 6,424,856 |
| 3401 STATE AUDITOR'S OFFICE | | | | |
| LOCAL ASSISTANCE TO COUNTIES | | | | |
| General Fund | 12,566,889 | 14,338,343 | 13,835,650 | 14,447,100 |
| FOREST RES & FPGA TO COUNTIES | | | | |
| Federal Special Revenue | 6,283,122 | 8,634,448 | 8,250,000 | 8,250,000 |
| Agency Totals | 18,850,011 | 22,972,791 | 22,085,650 | 22,697,100 |
| 4110 DEPARTMENT OF JUSTICE | | | | |
| LEGAL SERVICES DIVISION | | | | |
| State Special Revenue | 46,029 | 75,000 | 75,000 | 75,000 |
| GAMBLING CONTROL DIVISION | | | | |
| State Special Revenue | 29,696,323 | 30,468,500 | 31,869,346 | 31,915,336 |
| MOTOR VEHICLE DIVISION | | | | |
| General Fund | 319,028 | 350,000 | 400,000 | 400,000 |
| CENTRAL SERVICES DIVISION | | | | |
| General Fund | 0 | 0 | 0 | 0 |
| State Special Revenue | 94,383 | 125,000 | 125,000 | 125,000 |
| Federal Special Revenue | 66,401 | 125,000 | 125,000 | 125,000 |
| Agency Totals | 30,222,164 | 31,143,500 | 32,594,346 | 32,640,336 |
| 5102 COMMISSIONER OF HIGHER EDUCATION | | | | |
| STUDENT ASSISTANCE PROGRAM | | | | |
| State Special Revenue | 92,841 | 167,000 | 249,842 | 330,226 |
| APPROPRIATION DISTRIBUTION | | | | |
| General Fund | 0 | 65,000 | 65,000 | 65,000 |
| State Special Revenue | 1,288,629 | 667,705 | 1,139,000 | 1,152,600 |
| Agency Totals | 1,381,470 | 899,705 | 1,453,842 | 1,547,826 |
| 5113 MONTANA SCHOOL FOR THE DEAF AND BLIND | | | | |
| EDUCATION PROGRAM | | | | |
| State Special Revenue | 155,651 | 129,000 | 156,197 | 156,124 |
| Agency Totals | 155,651 | 129,000 | 156,197 | 156,124 |
| 5117 MONTANA HISTORICAL SOCIETY | | | | |
| ADMINISTRATION PROGRAM | | | | |
| State Special Revenue | 94,206 | 185,650 | 119,600 | 125,000 |
| HERITAGE COMMISSION | | | | |
| State Special Revenue | 662,739 | 700,000 | 700,000 | 700,000 |

STATUTORY APPROPRIATIONS ALL FUNDS

Table R-2
STATUTORY APPROPRIATIONS ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY02 |
|--|-------------------|-------------------|-------------------|-------------------|
| Agency Totals | 756,945 | 885,650 | 819,600 | 825,000 |
| 5201 DEPARTMENT OF FISH, WILDLIFE AND PARKS | | | | |
| PARKS DIVISION | | | | |
| State Special Revenue | 426,222 | 541,820 | 819,974 | 714,146 |
| Agency Totals | 426,222 | 541,820 | 819,974 | 714,146 |
| 5301 DEPARTMENT OF ENVIRONMENTAL QUALITY | | | | |
| PLAN.PREVENT. & ASSIST.DIV. | | | | |
| State Special Revenue | 0 | 20,835 | 0 | 0 |
| REMEDIATION DIVISION | | | | |
| State Special Revenue | 5,449,446 | 3,959,168 | 5,449,446 | 5,449,446 |
| Agency Totals | 5,449,446 | 3,980,003 | 5,449,446 | 5,449,446 |
| 5401 DEPARTMENT OF TRANSPORTATION | | | | |
| GENERAL OPERATIONS PROGRAM | | | | |
| State Special Revenue | 16,787,592 | 16,740,036 | 16,737,073 | 16,737,152 |
| CONSTRUCTION PROGRAM | | | | |
| State Special Revenue | 54,000 | 54,000 | 54,000 | 54,000 |
| AERONAUTICS PROGRAM | | | | |
| State Special Revenue | 271,626 | 221,099 | 271,626 | 271,626 |
| Agency Totals | 17,113,218 | 17,015,135 | 17,062,699 | 17,062,778 |
| 5603 DEPARTMENT OF LIVESTOCK | | | | |
| INSPECTION & CONTROL PROGRAM | | | | |
| State Special Revenue | 0 | 500 | 0 | 0 |
| Agency Totals | 0 | 500 | 0 | 0 |
| 5706 DEPARTMENT OF NATURAL RESOURCES AND CONSERVATION | | | | |
| CENTRALIZED SERVICES | | | | |
| General Fund | 547,906 | 551,087 | 547,906 | 547,906 |
| OIL & GAS CONSERVATION DIV. | | | | |
| State Special Revenue | 134,492 | 65,508 | 200,000 | 0 |
| CONSERVATION/RESOURCE DEV DIV | | | | |
| State Special Revenue | 163,313 | 0 | 162,313 | 162,313 |
| Agency Totals | 845,711 | 616,595 | 910,219 | 710,219 |
| 5801 DEPARTMENT OF REVENUE | | | | |
| RESOURCE MANAGEMENT | | | | |
| State Special Revenue | 4,296,929 | 4,076,970 | 4,296,929 | 4,296,929 |
| COMPLIANCE VALUATION AND RESOLUTION | | | | |
| General Fund | 11,559,050 | 10,270,000 | 8,990,384 | 7,706,051 |
| State Special Revenue | 40,673,724 | 34,753,318 | 40,673,724 | 40,673,724 |
| Agency Totals | 56,529,703 | 49,100,288 | 53,961,037 | 52,676,704 |

STATUTORY APPROPRIATIONS ALL FUNDS

Table R-2
STATUTORY APPROPRIATIONS ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY02 |
|--|-------------------|-------------------|-------------------|-------------------|
| 6101 DEPARTMENT OF ADMINISTRATION | | | | |
| ACCOUNTING & MGMT SUPPORT PROG | | | | |
| General Fund | 12,965,864 | 22,342,184 | 22,480,564 | 23,829,372 |
| Federal Special Revenue | 224,689 | 237,887 | 224,689 | 224,689 |
| Capital Projects | 450,703 | 500,201 | 412,530 | 410,089 |
| INFORMATION SERVICES DIVISION | | | | |
| State Special Revenue | 3,869,498 | 4,096,934 | 3,869,498 | 3,869,498 |
| RISK MANAGEMENT & TORT DEFENSE | | | | |
| State Special Revenue | 11,759 | 802,856 | 771,178 | 771,178 |
| Agency Totals | 17,522,513 | 27,980,062 | 27,758,459 | 29,104,826 |
| 6201 DEPARTMENT OF AGRICULTURE | | | | |
| AGRICULTURAL SCIENCES DIV. | | | | |
| State Special Revenue | 0 | 0 | 20,000 | 20,000 |
| AGRICULTURAL DEVELOPMENT | | | | |
| General Fund | 0 | 1,164,140 | 1,250,000 | 1,250,000 |
| State Special Revenue | 0 | 0 | 65,019 | 0 |
| Proprietary Funds | 2,366,206 | 3,598,543 | 6,027,818 | 6,027,818 |
| Agency Totals | 2,366,206 | 4,762,683 | 7,362,837 | 7,297,818 |
| 6501 DEPARTMENT OF COMMERCE | | | | |
| POL DIVISION | | | | |
| State Special Revenue | 59,050 | 100,000 | 100,000 | 100,000 |
| RESEARCH AND COMMERCIALIZATION PGM | | | | |
| General Fund | 0 | 4,850,000 | 4,850,000 | 4,850,000 |
| ECONOMIC DEVELOPMENT DIVISION | | | | |
| General Fund | 223,826 | 1,231,173 | 1,450,000 | 1,450,000 |
| State Special Revenue | 200,005 | 200,000 | 200,000 | 200,000 |
| MONTANA PROMOTION DIVISION | | | | |
| State Special Revenue | 8,782,308 | 9,356,061 | 10,617,761 | 11,134,510 |
| COMMUNITY DEVELOPMENT DIVISION | | | | |
| State Special Revenue | 1,601,798 | 800,899 | 0 | 0 |
| BOARD OF INVESTMENTS | | | | |
| Proprietary Funds | 3,095,257 | 3,500,000 | 3,095,257 | 3,095,257 |
| MONTANA STATE LOTTERY | | | | |
| Proprietary Funds | 17,320,965 | 18,765,389 | 21,011,562 | 22,555,562 |
| Agency Totals | 31,283,209 | 38,803,522 | 41,324,580 | 43,385,329 |
| 6602 LABOR AND INDUSTRY | | | | |
| UNEMPLOYMENT INSURANCE DIVISION | | | | |
| Federal Special Revenue | 370,418 | 431,805 | 370,418 | 370,418 |
| EMPLOYMENT RELATIONS DIVISION | | | | |
| State Special Revenue | 442,742 | 846,665 | 500,811 | 500,811 |

STATUTORY APPROPRIATIONS ALL FUNDS

Table R-2
STATUTORY APPROPRIATIONS ALL FUNDS

| | Actual FY00 | Budget FY01 | Request FY02 | Request FY02 |
|--|--------------------|--------------------|--------------------|--------------------|
| Proprietary Funds | 59,101 | 0 | 0 | 0 |
| Agency Totals | 872,261 | 1,278,470 | 871,229 | 871,229 |
| 6901 DEPARTMENT OF PUBLIC HEALTH AND HUMAN SERVICES | | | | |
| DISABILITY SERVICES DIVISION | | | | |
| State Special Revenue | 965,496 | 1,092,561 | 1,040,221 | 1,039,506 |
| ADDICTIVE & MENTAL DISORDERS | | | | |
| State Special Revenue | 1,510,923 | 2,909,150 | 2,911,032 | 2,910,857 |
| Agency Totals | 2,476,419 | 4,001,711 | 3,951,253 | 3,950,363 |
| | | | | |
| All Agencies | 192,681,337 | 209,581,329 | 223,006,041 | 225,514,100 |
| | | | | |
| STATEWIDE TOTALS | | | | |
| | Actual FY00 | Budget FY01 | Request FY02 | Request FY02 |
| General Fund | 38,182,563 | 55,161,927 | 53,869,504 | 54,545,429 |
| State Special Revenue | 124,261,912 | 118,626,129 | 129,619,263 | 129,909,838 |
| Federal Special Revenue | 6,944,630 | 9,429,140 | 8,970,107 | 8,970,107 |
| Capital Projects | 450,703 | 500,201 | 412,530 | 410,089 |
| Proprietary | 22,841,529 | 25,863,932 | 30,134,637 | 31,678,637 |
| All Agencies | 192,681,337 | 209,581,329 | 223,006,041 | 225,514,100 |

BUDGET BACKGROUND INFORMATION

Inflation/Deflation

The following expenditure accounts have been inflated/deflated in all agency budgets *from the FY 2000 base amounts* due to the new recommended amounts/rates:

| Acct | Name | FY2000 | FY2001 | Primary Reason |
|------|----------------------------|--------|--------|-----------------------------------|
| 2171 | Shared Mid-Tier Processing | 1.140% | 1.080% | Market conditions |
| 2172 | Computer Processing/DofA | 0.800% | 0.800% | ISD efficiencies create reduction |
| 2175 | EUS/LAN Administration | 0.850% | 0.850% | Market conditions |
| 2193 | Photocopier Pool | 1.110% | 1.200% | Technical improvements |
| 2385 | Daytime Long Distance | 0.930% | 0.930% | Market conditions |
| 2404 | In-State Motor Pool | 1.180% | 1.280% | Rate calculation |
| 2601 | Electricity | 1.070% | 1.090% | Assumed market conditions |
| 2603 | Natural Gas | 1.180% | 1.100% | Assumed market conditions |

No other inflation or deflation is included in the adjusted base budgets for FY 2002 and FY 2003. Agency requests for other changes to the adjusted base budget were submitted in decision packages (DPs), which will be listed individually in separate tables for legislative action in the Legislative Fiscal Division analysis of the budget.

Fixed Costs

Agencies will be billed in the 2003 biennium consistent with the amounts budgeted for the following objects of expenditures, although there are exceptions, notably network fees which are based on the number of devices actually on the system.

| | | |
|------|--|---|
| 2104 | Insurance and bonds | Dept of Administration-Risk Management & Tort Defense Div. |
| 2113 | Warrant writing fees | Dept of Administration-Accounting & Management Support Div. |
| 2114 | Payroll service fees | Dept of Administration-State Personnel Division |
| 2122 | Audit fees | Office of the Legislative Auditor |
| 2148 | SABHRS fees | Dept of Administration-Information Services Division |
| 2174 | DofA data network fees | Dept of Administration-Information Services Division |
| 2307 | Messenger services | Dept of Administration-Central Mail Division |
| 2527 | Rent - DofA buildings | Dept of Administration-General Services Division |
| 2770 | Grounds maintenance | Dept of Fish, Wildlife and Parks |
| 2875 | MT PRRIME bond costs | Dept of Administration-Accounting & Management Support Div. |
| 2895 | State funds cost allocation plan (SFCAP) | Dept of Administration-Accounting & Management Support Div. |

The manner in which each of these objects was adjusted in the budget is summarized below.

Insurance

- The state self insures for property losses under \$150,000 (Prison < \$250,000).
- Insurance Unit budget increases 23 percent for FY 2002 over FY 2000 due to general liability and vehicle increases of 28 percent due to expanded exposure. Although there is an 11 percent increase in operating costs, it is an insignificant factor in the overall increase.
- Expansion of government property, replacement values for increased property values, and state assumption of county roads under SB 333 are prominent reasons for the insurance increases.
- FY 2000 Actual: \$6,541,488 FY 2002 Budgeted: \$8,056,480 FY 2003 Budgeted: \$8,657,660

Warrant Writer

- Check writing and auto-deposit capabilities for two million annual transactions are provided to state agencies. The service is charged out on actual experience and projected based on historical demand.
- FY 2000 budget: \$677,203 FY 2002 projected: \$831,766 FY 2003 projected: \$845,138

BUDGET BACKGROUND INFORMATION

Payroll Service

- Payroll processing for more than 12,000 state employees has projected operating expenses of \$359,168 in FY 2002 and \$367,908 in FY 2003.
- State agencies will pay \$358,604 in FY 2002 and \$367,908 in FY 2003 for this service.
- FY 2000 actual expenses: \$350,437.

Audit

- Total statewide financial compliance audit costs for the 2003 biennium are \$2,973,450.
- Biennium financial compliance audit costs for the 2001 biennium were \$2,654,490.

SABHRS costs (formerly called MT PRRIME)

- Two functional costs to finance the Statewide Accounting, Budgeting, and Human Resource Systems (SABHRS) have been distributed to state agency budgets: the costs to finance the bonds and the costs to maintain the uniform central management system environment.
- In March 1998, there were \$16.5 million of bonds sold for MT PRRIME and \$3.8 million for the Revenue Processing Center, with first bond payments due in FY 1999. The Revenue Processing Center bonds are not distributed to agency budgets.
- The \$16.5 million bond obligation was distributed to agency budgets in object 2875: \$2,506,518 in FY 2000 and \$2,490,067 in FY 2001; \$2,469,370 in FY 2002 and \$2,050,913 in FY 2003.
- The SABHRS operations bureau will maintain the uniform central management system with total budgeted operating expenses of \$4,153,586 in FY 2002 and \$4,197,128 in FY 2003. State agencies will pay this in distributed fixed costs, allocated by FTE, using all funds proportionately.

Data Network Fees

- The amount for network fees is the number of agency network devices that will be in use in FY 2002 and FY 2003 times \$73.50 each month.

Messenger Service

- Mail sorting, outgoing pickup and incoming mail delivery to all state agencies within the Helena metropolitan area is a budgeted cost, then distributed as a fixed cost to customer agencies, based upon historical volume, the number of FY 2000 holdouts (similar to a post office box), and the number of FY 2000 deliveries. The distributed fixed costs are \$171,655 each year of the biennium, compared with \$163,704 approved by the 56th Legislature for each year of the 2001 biennium.

Department of Administration Rent

- Agencies within the Capitol Complex will pay \$5.90 and \$6.017 per square foot for office space in FY 2002 and FY 2002, respectively, as compared to \$5.13 and \$5.37 in the 2001 biennium.
- The increase is due to a 12.95 percent increase in personal services, an average increase of 19.25 percent per year for property, boiler, and liability insurance, and a 30 percent increase in contracted services particularly in the janitorial, security, and mechanical contracts.
- Warehouse space is budgeted at \$2.12 per square foot (psf) each year of the 2003 biennium, which is the same psf price charged in the 2001 biennium.

Grounds Maintenance

- Capitol grounds maintenance, snow removal, and water charges are paid by Capitol Complex agencies at a rate of \$0.3696 psf of rented office space. This rate was \$0.3446 psf in the 1999 and 2001 biennia.

SFCAP (State Fund Cost Allocation Plan)

- The costs of certain general government services financed from the general fund are recovered from nongeneral and nonfederal funded programs. Office of Budget and Program Planning, Accounting Principles and Financial Reporting Sections, the Treasury, the Classification Unit, Labor Relations Unit and Administration/Policy Unit of

BUDGET BACKGROUND INFORMATION

Personnel Division of DofA services are allocated. The allocation is a two-step process: 1) allocation to each state agency for the cost center budget based on indirect measures of workload generated by that agency; and 2) allocation by fund type. General fund and federal funds are excluded from the cost recovery. The cost recovery flows into the general fund.

- Total amount allocated to nongeneral and nonfederal programs under object of expenditure 2895 is \$629,574 in FY 2002 and \$661,307 in FY 2003.

SWCAP (Statewide Cost Allocation Plan)

- The costs of certain general government services are recovered from federal funds through negotiated cost allocation agreements with agencies of the federal government.

State Building Energy Conservation Program

- The Department of Environmental Quality (DEQ) manages the State Building Energy Conservation Program to reduce operating costs in state facilities by identifying and funding cost-effective energy-efficiency improvements.
- Agencies that have completed or substantially completed projects incorporated savings into their budgets of \$1,712,620 in the 2001 biennium. A total of \$4,798,868 in utility cost savings has been realized through this program since its inception in FY 1994.
- More information regarding this program is in HB 12 and Section F, Long-Range Planning, of this book.

Vacancy Savings

- Vacancy savings of 3 percent was applied to all agencies except those with fewer than 20.00 FTE, to elected officials per se, to university system faculty, to the legislative branch, and to the judicial branch.
- The vacancy savings from the HB 2 base budgets of the affected agencies generated \$13.8 million in FY 2002 and \$15.2 million in FY 2003. In addition, the 3 percent vacancy savings applied to personal services in present law and new proposal decision packages for the same affected agencies generated \$14.2 million and \$14.3 million each year, respectively. The amount realized for application towards funding the recommended HB 13 pay plan for the 2003 biennium is \$57.5 million total funds.
- HB 13 pay plan bill also includes a very important biennial contingency account of \$1 million general fund and \$3 million other funds for agencies that are unable to achieve the 3 percent vacancy savings due to lack of staff turnover and agencies that are unable to absorb the full costs of retirement payouts. A number of agencies are projecting very significant, costly retirements in the 2003 biennium and the executive recommends this contingency, rather than funding individual agencies for unknown projected costs.

Agency Mission, Goals and Objectives

- The mission for each state agency is printed as part of the budget.
- Goals and objectives also are required in accordance with 17-7-111(3)(c), MCA, and are available by agency upon request from the OBPP, Room 277 State Capitol and on the Internet at www2.state.mt.us/budget.

Analysis of Receipts by Fund

- The analysis of receipts by fund required by 17-7-124, MCA, is available on request from the OBPP, Room 277 State Capitol.

ECONOMIC OVERVIEW

The State of Montana's ability to finance the demands for state and local government services, and the increasing needs for additional services, is dependent on the performance of the state, national and world economies. These conditions affect the revenues available to provide services, the cost of their provision and the demand for services.

The executive branch's revenue estimation team prepared the general fund revenue estimates used in providing a balanced executive budget. State law also requires the Revenue and Taxation Committee to adopt a set of revenue assumptions for use in funding legislative programs. The committee will act on their estimates November 17, 2000, which is too late to be considered for use in the Executive Budget. The executive estimates will be presented to the committee to provide a reasonable basis for their deliberations.

The following provides an overview of the key economic conditions and assumptions implicit in the executive revenue estimates. Additional detail is provided in the executive branch's general fund revenue estimating book.

General Overview – The state's economy and tax base over the course of the next few years is dependent in large part on the US and world economies. Recent forecasts from reputable and respected forecasting firms indicate a slowing, but continually growing US economy, and a growing world economy.

In the US, growth in real gross domestic product (GDP) is forecast to slow from the 4-5 percent growth range of the past several years to around 3.5 percent over the next several years. In addition, job growth is anticipated to be slower, and consumer spending is forecast to decline as prices rise faster than earnings.

Forecasters are also calling for a rise in the general level of interest rates over the next several years. Growth in investment is anticipated to decline from the 12-14 percent range to about 6 percent by 2002. Higher interest rates in coming years are anticipated to slow housing starts, which have been driven in large part by 2nd and 3rd homes in recent years. Forecasters also call for a slowdown in the growth of corporate profits.

Worldwide, Asian, European, and Latin American economies are all anticipated to rebound from sluggishness in recent years. Combined with a forecast of a slightly falling dollar, this may bode well for Montana cattle and wheat producers, as exports, including commodities, and commodity prices are anticipated to rise in response to the improving world economy.

The possibility of a general stock market correction, and uncertainty in oil and electricity prices add an element of risk to the general "soft landing" forecast.

Personal Income – Personal income is the most commonly used measure of state economic performance. It is intended to measure the total income of the state residents from wages and salaries; interest and dividends; rental receipts; farm income; and transfer payments. Key components of personal income provide insights about the level of the personal income tax base and the ability of the state residents to consume taxable services.

Total wage and salary income, the largest component of personal income and the income tax base, grew by just 3.84 percent in 1999, the lowest rate of growth in this component since 1987. It is forecast to rebound to growth of 5.2 percent in calendar year 2000; decline to 4.8 percent in 2001; increase to 5.1 percent in 2002; and then decline again to 4.5 percent in 2003. The compound average annual rate of growth in wage and salary income reported on tax returns over the course of the 1990s was 5.43 percent.

Income Tax Simulation Base – The individual income tax estimates are based on calendar year 1999 returns and projected growth rates. The projected growth rates are derived from a variety of sources including Wharton Econometrics Forecasting Associates (WEFA), and the Bureau of Business and Economic Research at the University of Montana. Other growth rates rely on the Montana-specific history of growth in recent years, and growth in population.

Corporate Profits – Corporate License Tax revenue is a very volatile source of revenue for Montana, with the revenue forecasts derived in large part based on forecasts of US corporate profits before tax. WEFA is forecasting the growth rate of US corporate profits to decline substantially over the next few years. Profits grew 8.5 percent in 1999, and are forecast to grow 14.7 percent in 2000. However, this growth rate is forecast to decline to 3.6 percent by 2003. The estimates of corporation license tax revenue reflect this general decline in the growth rate of corporate profits.

ECONOMIC OVERVIEW

Adding uncertainty to corporate profits revenue over the forecast period is the pending sale of many utility properties by the Montana Power Company, which is expected to conclude sales totaling \$1.8 billion in the next year. Extraordinary gains that may accrue from these sales have not been included in revenue estimates at this time.

Property Tax – The property tax base was significantly altered by legislation passed during the 1999 legislative session. Legislation reduced by half the tax rates applied to electric generation property, telecommunications property, and all business equipment (HB 128, HB 174, SB 200); exempted intangible personal property from taxation (SB 111); and implemented 1997 reappraisal values while reducing tax rates applied to residential property (SB 184). Property taxes to the state general fund decreased by 4.23 percent in FY 2000, and are forecast to decline by about 10 percent in FY 2001. Property taxes are expected to remain constant in FY 2002, before growing by about 2.6 percent again in FY 2003.

Interest Rates – The Federal Open Market Committee made no adjustment to interest rates at its October 3 meeting; however, WEFA anticipates the fed will provide for a small increase in rates prior to the end of this year, and that interest rates, in general, will rise over the forecast period.

Short-term interest rates, which primarily affect earnings of short-term investments that include the treasury cash account, are expected to rise in every year until FY 2003. However, treasury cash account interest earnings are expected to decline in FY 2002 and 2003 due to lower account balances available for investing.

Blended long-term rates are forecast to grow over the forecast period. For example, the average rate for 30-year treasury bonds is expected to increase steadily from 5.9 percent in calendar year 1999 to 6.7 percent by calendar year 2003. However, the yield on the state's trust fund bond pool is forecast to remain stable over the forecast period due to the mix of bonds currently in the pool, the timing of when these bonds will mature, and blended yields on new issues will be relatively close to yields on bonds currently in the pool.

Natural Resource Extraction – Montana has historically enjoyed substantial revenues from the extraction of natural resources. While this revenue has declined significantly from the levels of the 1980s due to production, price, and/or tax rate reductions, natural resources taxes are still an important source of state and local revenue. Recent increases in platinum and palladium prices, and the rise in oil and natural gas prices, will increase revenues from natural resource-based taxes over the forecast period, relative to recent years.

GENERAL FUND REVENUE FORECAST

Table 1
General Fund Revenue Forecast
Montana Department of Revenue, November 2000 Forecast

| Revenue Source | FY2000 | FY2001 | FY2002 | FY2003 |
|------------------------------|------------------|------------------|------------------|------------------|
| Individual Income Tax | 516.262 | 538.203 | 568.327 | 594.473 |
| Property Tax | 194.196 | 174.617 | 174.107 | 178.587 |
| Corporation License Tax | 90.683 | 71.033 | 73.925 | 75.842 |
| Interest & Income | 44.296 | 48.009 | 41.739 | 42.415 |
| Insurance Tax | 39.334 | 40.483 | 42.106 | 43.339 |
| Coal Trust Interest Earnings | 39.195 | 38.546 | 38.546 | 38.546 |
| Tobacco Settlement Funds | 34.804 | 15.737 | 19.064 | 19.505 |
| Other Revenue | 20.588 | 18.663 | 18.883 | 18.575 |
| U.S. Mineral Royalties | 19.243 | 21.823 | 27.117 | 20.728 |
| Inheritance Tax | 19.039 | 19.382 | 18.059 | 10.315 |
| TCA Interest Earnings | 16.088 | 17.850 | 17.690 | 17.025 |
| Video Gaming License Fee | 13.851 | 13.843 | 14.124 | 15.163 |
| Vehicle Registration Fee | 11.716 | 12.824 | 11.802 | 12.078 |
| Oil/NG Production Tax | 11.363 | 14.045 | 13.178 | 11.680 |
| Institutional Reimbursements | 11.345 | 11.085 | 10.493 | 10.872 |
| Telephone/Telecomm Tax | 9.857 | 24.279 | 25.951 | 26.520 |
| Coal Severance Tax | 9.502 | 9.088 | 9.174 | 9.295 |
| Cigarette Tax | 8.464 | 8.043 | 7.900 | 7.842 |
| Liquor Excise Tax | 7.172 | 7.587 | 8.019 | 8.476 |
| Electrical Energy/WET Tax | 6.724 | 8.515 | 8.712 | 8.823 |
| Nursing Facility Fees | 6.055 | 5.429 | 5.273 | 5.121 |
| Liquor Profits | 5.900 | 5.626 | 5.973 | 6.345 |
| Lottery | 5.841 | 6.070 | 6.164 | 6.266 |
| Investment Lic and Permits | 5.390 | 6.145 | 6.678 | 6.989 |
| Highway Patrol Fines | 4.028 | 4.111 | 4.192 | 4.276 |
| Metal Mines Tax | 2.703 | 3.884 | 4.766 | 4.337 |
| Driver's License Fee | 2.333 | 2.204 | 2.243 | 2.283 |
| Contractor's Gross Rec. Tax | 2.162 | 3.532 | 3.962 | 4.239 |
| Rail Car Tax | 2.101 | 1.575 | 1.558 | 1.547 |
| Tobacco Tax | 2.017 | 2.073 | 2.182 | 2.291 |
| Wine Tax | 1.017 | 1.054 | 1.098 | 1.143 |
| Beer Tax | 0.370 | 0.399 | 0.414 | 0.430 |
| Total General Fund | 1,163.639 | 1,155.757 | 1,193.419 | 1,215.366 |

| | | | |
|--------------------------|----------------|---------------|---------------|
| Dollar Change | (7.882) | 37.662 | 21.947 |
| Percentage Change | -0.68% | 3.26% | 1.84% |

PROPRIETARY FUNDS DESCRIPTION

Statute does not require enterprise or internal service funds to conform to the same budget development terms and procedures as other funds appropriated by the legislature. In most cases, planned expenditures by the agencies responsible for these accounts are not reviewed or appropriated by the legislature.

However, the executive is required by section 17-7-123, MCA, to submit as part of the budget to the legislature "a report on: enterprise funds . . . including retained earnings and contributed capitol, projected operations and charges, and projected fund balances; and (b) fees and charges in the internal service fund type, including changes in the level of fees and charges, projected use of the fees and charges, and projected fund balances . . ." Any proprietary funds that are appropriated in HB 2 are not included in this report.

Such reports are uniformly compiled and are presented in this section: Proprietary Funds Tables

The enterprise funds (typically funds "060xx") account for operations that are financed and operated in a manner similar to private enterprise where the intent is to provide goods or services to the general public. Each agency that manages an enterprise fund is prepared to justify and provide documentation for the charges.

The internal service funds (typically funds "065xx") account for the financing of goods and services provided by one agency to other agencies of state government. Per 17-7-123(6)(b), MCA, "Fees and charges in the internal service fund type must be approved by the legislature in the general appropriations act. Fees and charges in a biennium may not exceed the level approved by the legislature in the general appropriation act effective for that biennium." The internal service fund tables have listed the rates upon which the legislature must act. Agencies calculated these rates by considering federal guidelines, OMB Circular A-87, since these must apply to federal programs; considering cash flow, working capitol needs, and current and projected fund equity.

The fund tables follow in agency numerical order.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|----------------------|---------------|-------------|--------------|
| 06019 | Library Searches/Res | 2110 | Judiciary | Law Library |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------|------------|------------|---------------|---------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | N/A | N/A | N/A | - | - | 2,937 | 2,937 | 2,937 |
| Increases | | | | | | | | |
| Fee Revenue | - | - | - | - | - | - | - | - |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 26,033 | 39,899 | 40,000 | 40,000 | 40,000 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | N/A | N/A | N/A | 26,033 | 39,899 | 40,000 | 40,000 | 40,000 |
| (Decreases) | | | | | | | | |
| Personal Services | - | - | - | - | - | - | - | - |
| Operations | - | - | - | 26,033 | 36,962 | 40,000 | 40,000 | 40,000 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | N/A | N/A | N/A | 26,033 | 36,962 | 40,000 | 40,000 | 40,000 |
| Adjustments to Beginning Retained Earnings | - | - | - | - | - | - | - | - |
| Ending Retained Earnings | N/A | N/A | N/A | - | 2,937 | 2,937 | 2,937 | 2,937 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | N/A | N/A | N/A | - | 2,937 | 2,937 | 2,937 | 2,937 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | N/A | N/A | N/A | 4,339 | 6,160 | 6,667 | 6,667 | 6,667 |

Fee/Rate Information for Legislative Action:

-----Estimated-----

Authority

Agency Charges (Provided as Information Only for both types of funds -- i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

The law library performs on-line searches/research for public & private entities. The law library is billed by the on-line provider for the air time; the library, in turn, bills the requestor, collects the money and pays the provider.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|------------------------------------|---------------|--------------------|----------------|
| 06053 | ecretary of State Business Service | 3201 | Secretary of State | Administration |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 338,038 | 416,089 | 753,945 | 1,056,379 | 956,043 | 930,368 | 561,215 | 598,333 |
| Increases | | | | | | | | |
| Fee Revenue | 1,742,615 | 1,824,747 | 1,975,218 | 2,014,400 | 2,270,142 | 1,992,468 | 2,584,000 | 2,580,000 |
| Investment Earnings | - | - | - | - | 47,253 | 20,000 | 60,000 | 40,000 |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 46,228 | 3,633 | 2,964 | 25,502 | 5,094 | 2,815 | 4,000 | 4,000 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 1,788,843 | 1,828,380 | 1,978,182 | 2,039,902 | 2,322,489 | 2,015,283 | 2,648,000 | 2,624,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 938,114 | 903,728 | 1,001,344 | 1,097,045 | 1,116,944 | 1,285,136 | 1,241,491 | 1,248,981 |
| Operations | 708,086 | 610,322 | 790,400 | 1,043,863 | 1,231,246 | 1,099,300 | 1,269,391 | 1,255,114 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | 100,000 | 100,000 |
| Total Decreases | 1,646,200 | 1,514,050 | 1,791,744 | 2,140,908 | 2,348,190 | 2,384,436 | 2,610,882 | 2,604,095 |
| Adjustments to Beginning Retained Earnings | | | | | | | | |
| Earnings | (64,592) | 23,526 | 115,996 | 670 | 26 | - | - | - |
| Ending Retained Earnings | 416,089 | 753,945 | 1,056,379 | 956,043 | 930,368 | 561,215 | 598,333 | 618,238 |
| Total Contributed Capital | 175,825 | 175,825 | - | - | - | - | - | - |
| Total Fund Equity | 591,914 | 929,770 | 1,056,379 | 956,043 | 930,368 | 561,215 | 598,333 | 618,238 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 274,367 | 252,342 | 298,624 | 356,818 | 391,365 | 397,406 | 418,480 | 417,349 |

Agency Charges (Information only, since this is an Enterprise Fund)

Various rates are currently published in ARMS or established by the Secretary of State's Office that allow for continued support of the office.

-----Estimated-----

Authority

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|------------------------------------|---------------|--------------------|----------------|
| 06556 | Secretary of State Internal Servic | 3201 | Secretary of State | Administration |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|-----------------|----------------|----------------|-----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 5,198 | 11,820 | (33,404) | 102,473 | 88,573 | (48,909) | (95,241) | (120,468) |
| Increases | | | | | | | | |
| Fee Revenue | 458,040 | 454,495 | 454,560 | 497,402 | 480,184 | 394,875 | 418,500 | 407,350 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 29,554 | 30,958 | 27,383 | 28,109 | 45,867 | 42,500 | 42,500 | 42,500 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 487,594 | 485,453 | 481,943 | 525,511 | 526,051 | 437,375 | 461,000 | 449,850 |
| (Decreases) | | | | | | | | |
| Personal Services | 262,465 | 343,044 | 270,041 | 331,725 | 380,129 | 258,059 | 240,412 | 241,793 |
| Operations | 189,907 | 191,532 | 201,830 | 207,686 | 276,699 | 225,648 | 245,815 | 242,981 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 452,372 | 534,576 | 471,871 | 539,411 | 656,828 | 483,707 | 486,227 | 484,774 |
| Adjustments to Beginning Retained Earnings | (28,600) | 3,899 | 125,805 | - | (6,705) | - | - | - |
| Ending Retained Earnings | 11,820 | (33,404) | 102,473 | 88,573 | (48,909) | (95,241) | (120,468) | (155,392) |
| Total Contributed Capital | 219,615 | 219,615 | 6,129 | 6,129 | 6,129 | 6,129 | 106,129 | 106,129 |
| Total Fund Equity | 231,435 | 186,211 | 108,602 | 94,702 | (42,780) | (89,112) | (14,339) | (49,263) |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 75,395 | 89,096 | 78,645 | 89,902 | 109,471 | 80,618 | 81,038 | 80,796 |

Fee/Rate Information for Legislative Action:

-----Estimated-----

Requested Rates for Internal Service Various rates, that allow for continued support of the office, are requested and are currently published in ARMS or established by the Secretary of State's Office.

Report on Internal Service & Enterprise Funds, 2001 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|----------------------|---------------|------------------------------|----------------|
| 6099 | Advanced Driver's Ed | 3501 | Office of Public Instruction | Administration |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------|------|------|------|------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | - | - | - | - | - | - | 33,125 | 41,378 |
| Increases | | | | | | | | |
| Fee Revenue | - | - | - | - | - | - | 139,000 | 144,000 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | - | - | - | - | - | - | 139,000 | 144,000 |
| (Decreases) | | | | | | | | |
| Personal Services | - | - | - | - | - | - | 63,747 | 64,188 |
| Operations | - | - | - | - | - | - | 67,000 | 73,500 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | - | - | - | - | - | - | 130,747 | 137,688 |
| Adjustments to Beginning Retained Earnings | - | - | - | - | - | - | - | - |
| Ending Retained Earnings | - | - | - | - | - | - | 41,378 | 47,690 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | - | - | - | - | - | - | 41,378 | 47,690 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | - | - | - | - | - | - | 21,791 | 22,948 |

Agency Charges (Provided as Information Only for both types of funds -- i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

| | | |
|---------------------------|-------------|-------------|
| Full-Day Workshop/person | \$175-\$200 | \$175-\$200 |
| Half-Day Refresher/person | \$115-\$125 | \$115-\$125 |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|--------------------|---------------|------------------------------|----------------|
| 06512 | Indirect Cost Pool | 3501 | Office of Public Instruction | Administration |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 40,603 | 75,301 | 148,619 | 101,632 | 133,712 | 244,303 | 300,896 | 191,350 |
| (Increases) | | | | | | | | |
| Indirect charges-State programs | 70,458 | 39,898 | 561,480 | 612,957 | 672,247 | 683,760 | 702,673 | 702,673 |
| Indirect charges-Federal programs | 635,386 | 598,499 | 621,095 | 611,939 | 667,975 | 728,003 | 760,000 | 760,000 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | 350,000 | 424,818 | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 2,855 | 2,754 | - | - | - |
| Total Increases | 1,055,844 | 1,063,215 | 1,182,575 | 1,227,751 | 1,342,976 | 1,411,763 | 1,462,673 | 1,462,673 |
| (Decreases) | | | | | | | | |
| Personal Services | 556,447 | 542,580 | 653,446 | 696,281 | 724,142 | 816,225 | 816,225 | 753,080 |
| Operations | 463,116 | 447,317 | 530,641 | 500,138 | 508,243 | 538,945 | 755,994 | 697,379 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 1,583 | - | - | - | - | - | - | - |
| Total Decreases | 1,021,146 | 989,897 | 1,184,087 | 1,196,419 | 1,232,385 | 1,355,170 | 1,572,219 | 1,450,459 |
| Adjustments to Beginning Retained Earnings | - | - | (45,475) | 748 | - | - | - | - |
| Ending Retained Earnings | 75,301 | 148,619 | 101,632 | 133,712 | 244,303 | 300,896 | 191,350 | 203,564 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 75,301 | 148,619 | 101,632 | 133,712 | 244,303 | 300,896 | 191,350 | 203,564 |
| Unreserved Fund Balance | - | - | - | - | - | - | - | - |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 169,927 | 164,983 | 197,348 | 199,403 | 205,398 | 225,862 | 262,037 | 241,743 |

Fee/Rate Information for Legislative Action:

| | -----Estimated----- | | | | |
|--|---------------------|-----|-----|-----|-----|
| Requested Rates for Internal Service Funds | 17% | 17% | 17% | 17% | 17% |
| | of actual costs | | | | |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-----------------|--|---------------|-----------------------|----------------|
| 06500/ 06535 | Agency Legal Services / Bankruptcy Unit | 4110 | Department of Justice | Legal Services |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|-----------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | (22,791) | (85,734) | (157,243) | (110,139) | (63,193) | (56,183) | (78,064) | (61,039) |
| Increases | | | | | | | | |
| Fee Revenue | 607,892 | 731,616 | 1,085,307 | 1,090,375 | 1,098,841 | 1,125,600 | 1,244,463 | 1,245,004 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 248 | 61 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 607,892 | 731,616 | 1,085,307 | 1,090,623 | 1,098,902 | 1,125,600 | 1,244,463 | 1,245,004 |
| (Decreases) | | | | | | | | |
| Personal Services | 542,931 | 656,661 | 808,159 | 849,212 | 877,077 | 904,263 | 966,604 | 972,297 |
| Operations | 127,128 | 145,667 | 196,185 | 193,632 | 214,082 | 242,513 | 260,142 | 259,550 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 776 | 797 | 796 | 833 | 691 | 705 | 692 | 692 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 670,835 | 803,125 | 1,005,140 | 1,043,677 | 1,091,850 | 1,147,481 | 1,227,438 | 1,232,539 |
| Adjustments to Beginning Retained Earnings | - | - | (13,063) | - | (42) | - | - | - |
| Ending Retained Earnings | (85,734) | (157,243) | (110,139) | (63,193) | (56,183) | (78,064) | (61,039) | (48,574) |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | (85,734) | (157,243) | (110,139) | (63,193) | (56,183) | (78,064) | (61,039) | (48,574) |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 111,806 | 133,854 | 167,523 | 173,946 | 181,975 | 191,247 | 204,573 | 205,423 |

Fee/Rate Information for Legislative Action:

| | | | | | | -----Estimated----- | | |
|---|------|------|------|------|------|---------------------|------|------|
| Requested Rates for Internal Service Funds | | | | | | | | |
| Attorney hourly rate | \$53 | \$53 | \$62 | \$62 | \$62 | \$62 | \$70 | \$70 |
| Paralegal hourly rate | \$30 | \$30 | \$35 | \$35 | \$35 | \$35 | \$38 | \$38 |
| Bankruptcy | | | | | | | | |
| By contract with State agencies | | | | | | | | |
| Information in the above table for FY 1996 and 1997 reflect ALS activity only. In FY 1998, bankruptcy activity is included. The rate increase impacts ALS only. | | | | | | | | |
| Compensated absences of \$112,498 are included in the fund balance. | | | | | | | | |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|------------------|--|---------------|----------------------------------|-----------------|
| 06513 / 06009 | MUS Group Insurance Account / MUS Flexible Spending Account | 5102 | Commissioner of Higher Education | Group Insurance |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 5,206,715 | 4,223,535 | 503,180 | 315,328 | 4,876,662 | 6,361,164 | 6,361,164 | 6,506,074 |
| Increases | | | | | | | | |
| Fee Revenue | (2,238) | - | - | (57,925) | - | - | - | - |
| Investment Earnings | 400,331 | 318,504 | 190,522 | 225,818 | 402,456 | 400,000 | 400,000 | 400,000 |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 20,278,977 | 21,215,418 | 22,063,156 | 25,719,034 | 29,278,559 | 31,706,889 | 40,969,028 | 48,996,915 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 20,677,070 | 21,533,922 | 22,253,678 | 25,886,927 | 29,681,015 | 32,106,889 | 41,369,028 | 49,396,915 |
| (Decreases) | | | | | | | | |
| Personal Services | 120,121 | 118,878 | 150,428 | 186,025 | 153,052 | 150,334 | 154,099 | 154,830 |
| Operations | 21,540,129 | 25,115,317 | 22,217,187 | 21,125,617 | 28,339,363 | 31,956,555 | 41,070,019 | 49,164,808 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | 20,082 | 8,269 | 13,951 | - | - | - | - |
| Miscellaneous, error correction | - | - | - | - | - | - | - | - |
| Total Decreases | 21,660,250 | 25,254,277 | 22,375,884 | 21,325,593 | 28,492,435 | 32,106,889 | 41,224,118 | 49,319,638 |
| Adjustments to Beginning Retained Earnings | - | - | (65,646) | - | 295,922 | - | - | - |
| Ending Retained Earnings | 4,223,535 | 503,180 | 315,328 | 4,876,662 | 6,361,164 | 6,361,164 | 6,506,074 | 6,583,351 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 4,223,535 | 503,180 | 315,328 | 4,876,662 | 6,361,164 | 6,361,164 | 6,506,074 | 6,583,351 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 3,610,042 | 4,209,046 | 3,729,314 | 3,554,266 | 4,748,739 | 5,351,148 | 6,870,686 | 8,219,940 |

Fee/Rate Information for Legislative Action:

| -----Estimated----- | | | | | | | |
|---|------|------|------|------|-----------|-----------|-----------|
| Requested Rates for Internal Service Funds | xxxx | xxxx | xxxx | xxxx | See below | See below | See below |
| Because certain employee benefit plans require a large number of individual premiums for a variety of benefit options, because the portion of these premiums paid by the state is statutorily established in 2-18-703, and because the employee-paid portion of these premiums must be adjusted from time to time to maintain employee group benefit plans on an actuarially sound basis, the legislature defines rates and fees for Montana university system employee benefit programs to mean the state contribution toward employee group benefits defined in 2-18-703 and the employee contribution toward employee group benefits necessary to maintain the employee group benefit plans on an actuarially sound basis. | | | | | | | |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|--------------------|---------------|------------------------|----------------|
| 06501 | Duplicating Center | 5201 | Fish, Wildlife & Parks | Administration |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|---------------|---------------|---------------|---------------|---------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 10,386 | 16,598 | 14,566 | 19,903 | 10,073 | 23,842 | 21,177 | 15,846 |
| Increases | | | | | | | | |
| Fee Revenue | 76,158 | 63,416 | 83,186 | 63,456 | 73,958 | 74,000 | 76,000 | 76,000 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 76,158 | 63,416 | 83,186 | 63,456 | 73,958 | 74,000 | 76,000 | 76,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 22,806 | 24,351 | 25,622 | 26,689 | 27,139 | 28,299 | 29,148 | 30,022 |
| Operations | 47,140 | 40,837 | 49,625 | 46,617 | 33,067 | 48,366 | 52,183 | 56,115 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | 260 | 1,916 | - | - | - | - | - |
| Total Decreases | 69,946 | 65,448 | 77,163 | 73,286 | 60,206 | 76,665 | 81,331 | 86,137 |
| Adjustments to Beginning Retained Earnings | - | - | (686) | - | 17 | - | - | - |
| Ending Retained Earnings | 16,598 | 14,566 | 19,903 | 10,073 | 23,842 | 21,177 | 15,846 | 5,709 |
| Total Contributed Capital | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 | 25,000 |
| Total Fund Equity | 41,598 | 39,566 | 44,903 | 35,073 | 48,842 | 46,177 | 40,846 | 30,709 |
| Reserved For Equipment | 6,255 | 5,995 | 20,335 | 14,928 | 18,897 | 16,531 | 14,165 | 11,799 |
| Reserved for Inventory | 6,576 | 8,849 | 10,371 | 9,152 | 16,361 | 14,000 | 14,000 | 14,000 |
| Unreserved Fund Balance | 28,767 | 24,722 | 14,197 | 10,993 | 13,584 | 15,646 | 12,681 | 4,910 |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 11,658 | 10,865 | 12,541 | 12,214 | 10,034 | 12,778 | 13,555 | 14,356 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service Funds

-----Estimated-----

Fixed rate is requested, per service provided. See "Rate Explanation"

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|---------------------------|---------------|------------------------|----------------|
| 06502 | Equipment Enterprise Fund | 5201 | Fish, Wildlife & Parks | Administration |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 4,035,034 | 4,455,229 | 4,540,892 | 3,091,897 | 4,435,304 | 4,021,813 | 3,880,534 | 3,982,351 |
| Increases | | | | | | | | |
| Fee Revenue | 1,443,747 | 1,582,393 | 1,520,730 | 1,273,769 | 1,169,552 | 1,403,098 | 1,705,101 | 1,935,261 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | 208,810 | 184,160 | - | 189,223 | 255,438 | 260,000 | 250,000 | 250,000 |
| Miscellaneous, operating | 2 | - | - | - | 1 | - | - | - |
| Miscellaneous, other | 105,538 | - | 127,885 | 25,780 | - | - | - | - |
| Total Increases | 1,758,097 | 1,766,553 | 1,648,615 | 1,488,772 | 1,424,991 | 1,663,098 | 1,955,101 | 2,185,261 |
| (Decreases) | | | | | | | | |
| Personal Services | 45,731 | 55,250 | 52,474 | 57,213 | 57,639 | 59,368 | 61,474 | 61,861 |
| Operations | 1,292,171 | 1,604,166 | 1,422,134 | 1,248,880 | 765,044 | 1,620,009 | 1,666,810 | 1,715,482 |
| Transfers Out | - | 1,220 | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | 8,394 | - | - | 208,291 | 125,000 | 125,000 | 125,000 |
| Total Decreases | 1,337,902 | 1,669,030 | 1,474,608 | 1,306,093 | 1,030,974 | 1,804,377 | 1,853,284 | 1,902,343 |
| Adjustments to Beginning Retained Earnings | - | (11,860) | (1,623,002) | 1,160,728 | (807,508) | - | - | - |
| Ending Retained Earnings | 4,455,229 | 4,540,892 | 3,091,897 | 4,435,304 | 4,021,813 | 3,880,534 | 3,982,351 | 4,265,269 |
| Total Contributed Capital | 394,234 | 624,234 | 2,238,923 | 2,381,987 | 2,381,987 | 2,381,987 | 2,381,987 | 2,381,987 |
| Total Fund Equity | 4,849,463 | 5,165,126 | 5,330,820 | 6,817,291 | 6,403,800 | 6,262,521 | 6,364,338 | 6,647,256 |
| Reserved for Vehicles | 4,184,255 | 4,272,652 | 4,725,402 | 5,594,166 | 6,538,585 | 6,688,585 | 6,838,585 | 6,988,585 |
| Unreserved Fund Balance | 665,208 | 892,474 | 605,418 | 1,223,125 | (134,785) | (426,065) | (474,247) | (341,329) |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 222,984 | 276,569 | 245,768 | 217,682 | 137,114 | 279,896 | 288,047 | 296,224 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service
Funds

----- Estimated -----

See "Vehicle and Aircraft Rates"
Table

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|---------------------------|---------------|------------------------|----------------|
| 06503 | F & G Warehouse Inventory | 5201 | Fish, Wildlife & Parks | Administration |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 119,446 | 148,863 | 139,628 | 125,693 | 129,256 | 92,487 | 89,519 | 89,351 |
| Increases | | | | | | | | |
| Fee Revenue | 147,632 | 85,833 | 70,293 | 66,263 | 85,074 | 86,104 | 96,300 | 96,300 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 147,632 | 85,833 | 70,293 | 66,263 | 85,074 | 86,104 | 96,300 | 96,300 |
| (Decreases) | | | | | | | | |
| Personal Services | 2,631 | 3,703 | (216) | - | - | - | - | - |
| Operations | 115,584 | 91,365 | 84,444 | 62,700 | 109,098 | 89,072 | 96,468 | 96,662 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 118,215 | 95,068 | 84,228 | 62,700 | 109,098 | 89,072 | 96,468 | 96,662 |
| Adjustments to Beginning Retained Earnings | - | - | - | - | (12,745) | - | - | - |
| Ending Retained Earnings | 148,863 | 139,628 | 125,693 | 129,256 | 92,487 | 89,519 | 89,351 | 88,989 |
| Total Contributed Capital | 85,450 | 85,450 | 85,450 | 85,450 | 85,450 | 85,450 | 85,450 | 85,450 |
| Total Fund Equity | 234,313 | 225,078 | 211,143 | 214,706 | 177,937 | 174,969 | 174,801 | 174,439 |
| Reserved for Inventory | 159,567 | 175,072 | 159,667 | 168,819 | 168,492 | 165,000 | 165,000 | 165,000 |
| Unreserved Fund Balance | 74,746 | 50,006 | 51,476 | 45,887 | 9,445 | 9,969 | 9,801 | 9,439 |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 19,703 | 15,845 | 14,038 | 10,450 | 18,183 | 14,845 | 16,078 | 16,110 |

Fee/Rate Information for Legislative Action:

| Requested Rates for Internal Service Funds | 6% | 6% | 6% | 6% | 4% | 4% | 7% | 7% |
|--|----|----|----|----|----|----|----|----|

-----Estimated-----

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|---------------|---------------|-------------------------------------|--------------|
| 06509 | DEQ Indirects | 5301 | Department of Environmental Quality | Management |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 561,725 | 294,650 | 58,455 | (301) | 14,118 | 151,529 | 137,763 | 137,763 |
| Increases | | | | | | | | |
| Fee Revenue | 1,023,676 | 1,005,312 | 1,324,354 | 1,383,709 | 1,543,756 | 1,620,997 | 2,004,137 | 1,893,402 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 6,723 | 1,088,984 | 993,515 | 1,392,706 | 1,315,754 |
| Miscellaneous, other | 837,553 | 674,564 | 811,228 | 894,948 | - | - | - | - |
| Total Increases | 1,861,229 | 1,679,876 | 2,135,582 | 2,285,380 | 2,632,740 | 2,614,512 | 3,396,843 | 3,209,156 |
| (Decreases) | | | | | | | | |
| Personal Services | 1,397,731 | 1,374,925 | 1,419,257 | 1,624,247 | 1,679,310 | 1,846,294 | 2,138,064 | 2,149,830 |
| Operations | 435,381 | 496,867 | 682,591 | 644,650 | 742,135 | 781,984 | 1,258,779 | 1,059,326 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | 914 | 25,964 | - | - | - | - | - |
| Total Decreases | 1,833,092 | 1,872,706 | 2,127,812 | 2,268,897 | 2,421,445 | 2,628,278 | 3,396,843 | 3,209,156 |
| Adjustments to Beginning Retained Earnings | (295,212) | (43,365) | (66,526) | (2,064) | (73,884) | - | - | - |
| Ending Retained Earnings | 294,650 | 58,455 | (301) | 14,118 | 151,529 | 137,763 | 137,763 | 137,763 |
| Total Contributed Capital | 242,108 | 295,568 | 269,231 | 270,708 | 270,708 | 270,708 | 270,708 | 270,708 |
| Total Fund Equity | 536,758 | 354,023 | 268,930 | 284,826 | 422,237 | 408,471 | 408,471 | 408,471 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 305,515 | 311,965 | 350,308 | 378,150 | 403,574 | 438,046 | 566,141 | 534,859 |

Fee/Rate Information for Legislative Action:

| | | | | | | ----- Estimated ----- | | |
|--|--------|--------|--------|--------|--------|-----------------------|--------|--------|
| Requested Rates for Internal Service Funds | 18.16% | 16.72% | 19.50% | 18.92% | 20.70% | 20.30% | 24.00% | 24.00% |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|--------------------------|---------------|------------------------------|--------------|
| 06007 | West Yellowstone Airport | 5401 | Department of Transportation | Aeronautics |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 244,515 | (702,623) | (673,792) | (660,344) | (641,200) | (589,642) | (580,250) | (557,425) |
| Increases | | | | | | | | |
| Fee Revenue | 9,322 | 34,323 | 43,516 | 41,868 | 8,341 | 8,000 | 8,000 | 8,000 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | 17,115 | 30,166 | 16,199 | 18,100 | - | - | - | - |
| Miscellaneous, operating | 78,273 | 56,140 | 57,149 | 60,997 | 129,432 | 133,300 | 130,000 | 130,000 |
| Miscellaneous, other (Note 1) | - | - | - | - | - | 94,703 | - | - |
| Total Increases | 104,710 | 120,629 | 116,864 | 120,965 | 137,773 | 236,003 | 138,000 | 138,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 27,293 | 39,774 | 38,346 | 36,120 | 38,821 | 28,555 | 49,752 | 50,069 |
| Operations | 104,280 | 52,024 | 56,207 | 65,701 | 42,414 | 198,056 | 65,423 | 65,343 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | 1,029 | - | - | - | - | - |
| Total Decreases | 131,553 | 91,798 | 95,582 | 101,821 | 81,235 | 226,611 | 115,175 | 115,412 |
| Adjustments to Beginning Retained Earnings | (920,295) | - | (7,834) | - | (4,980) | - | - | - |
| Ending Retained Earnings | (702,623) | (673,792) | (660,344) | (641,200) | (589,642) | (580,250) | (557,425) | (534,837) |
| Total Contributed Capital | 1,346,111 | 1,351,111 | 1,345,111 | 1,345,111 | 1,345,111 | 1,345,111 | 1,345,111 | 1,345,111 |
| Total Fund Equity (Note 2) | 643,488 | 677,319 | 684,767 | 703,911 | 755,469 | 764,861 | 787,686 | 810,274 |
| Unreserved Fund Balance | | | | | | | | |

60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6)

| | | | | | | | |
|--------|--------|--------|--------|--------|--------|--------|--------|
| 21,926 | 15,300 | 15,759 | 16,970 | 13,539 | 37,769 | 19,196 | 19,235 |
|--------|--------|--------|--------|--------|--------|--------|--------|

Note 1: Federal grant funds for airport facility/apron maintenance and upgrades

Note 2: The runway and related improvements are not included. To date these have been viewed as infrastructure and are not recorded on SABHRS.

Fee/Rate for Legislative Action: NA - this is an Enterprise Fund

| FEE/CHARGE DESCRIPTION | | Estimated | | | | | | | | AUTHORITY |
|---------------------------------------|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|---------------|
| | | FY96 FEE/CHARGE | FY97 FEE/CHARGE | FY98 FEE/CHARGE | FY99 FEE/CHARGE | FY00 FEE/CHARGE | FY01 FEE/CHARGE | FY02 FEE/CHARGE | FY03 FEE/CHARGE | |
| Landing Fees - Scheduled Air Carriers | | \$0.50/1000 lbs | \$0.50/1000 lbs | \$0.50/1000 lbs | \$0.50/1000 lbs | \$0.50/1000 lbs | \$0.50/1000 lbs | \$0.50/1000 lbs | \$0.50/1000 lbs | Market Based |
| Landing Fees - Other Uses | 11,000-31,250 lbs | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | \$25 | Market Based |
| Landing Fees - Other Uses | >31,250 lbs | \$0.80/1000 lbs | \$0.80/1000 lbs | \$0.80/1000 lbs | \$0.80/1000 lbs | \$0.80/1000 lbs | \$0.80/1000 lbs | \$0.80/1000 lbs | \$0.80/1000 lbs | Market Based |
| Fuel Flowage Fees (0015) | | \$0.06/gallon | \$0.06/gallon | \$0.06/gallon | \$0.06/gallon | \$0.06/gallon | \$0.06/gallon | \$0.06/gallon | \$0.06/gallon | Market Based |
| Building Leases - Car Rental | per month | \$1.55/sq. ft. | \$1.55/sq. ft. | \$1.55/sq. ft. | \$1.55/sq. ft. | \$1.55/sq. ft. | \$1.55/sq. ft. | \$1.55/sq. ft. | \$1.55/sq. ft. | Market Based |
| Building Leases - FBO's & Tours | per month | \$1.2975/sq. ft. | \$1.2975/sq. ft. | \$1.2975/sq. ft. | \$1.2975/sq. ft. | \$1.2975/sq. ft. | \$1.2975/sq. ft. | \$1.2975/sq. ft. | \$1.2975/sq. ft. | Market Based |
| Building Leases - Airlines | per month | \$1.8908/sq. ft. | \$1.8908/sq. ft. | \$1.8908/sq. ft. | \$1.8908/sq. ft. | \$1.8908/sq. ft. | \$1.8908/sq. ft. | \$1.8908/sq. ft. | \$1.8908/sq. ft. | Market Based |
| Building Leases - U/G Storage | per month | \$0.025/sq. ft. | \$0.025/sq. ft. | \$0.025/sq. ft. | \$0.025/sq. ft. | \$0.025/sq. ft. | \$0.025/sq. ft. | \$0.025/sq. ft. | \$0.025/sq. ft. | Market Based |
| Building Leases - Hanger Ground | per year | \$0.05/sq. ft. | \$0.05/sq. ft. | \$0.05/sq. ft. | \$0.05/sq. ft. | \$0.05/sq. ft. | \$0.05/sq. ft. | \$0.05/sq. ft. | \$0.05/sq. ft. | Market Based |
| Tax Transfer | | | | | | | | | | |
| Sales Receipts - Car Rental | | \$15,000 est. | \$15,000 est. | \$15,000 est. | \$15,000 est. | \$15,000 est. | \$15,000 est. | \$15,000 est. | \$15,000 est. | 15-23-106 MCA |
| Sales Receipts - Cafe/Gift Shop | | 10% of gross | 10% of gross | 10% of gross | 10% of gross | 10% of gross | 10% of gross | 10% of gross | 10% of gross | Market Based |
| Miscellaneous Sales | | 5% of gross | 5% of gross | 5% of gross | 5% of gross | 5% of gross | 5% of gross | 5% of gross | 5% of gross | Market Based |
| Non-Aero Rentals - Nevada Testing | per year (Note 3) | Various | Various | Various | Various | Various | Various | Various | Various | Market Based |
| Non-Aero Rentals - City of WYS | per year | \$5,400/year | Prior yr + CPI-U | Prior yr + CPI-U | Prior yr + CPI-U | \$17,200/yr | \$10,270/yr | Prior yr + CPI-U | Prior yr + CPI-U | Market Based |
| Non-Aero Rentals - Energy West | per year/acre (Note 4) | \$4,800/year | \$9,600/year | \$9,600/year | \$9,600/year | \$9,600/yr | \$9,600/year | \$9,600/year | \$9,600/year | Market Based |
| | | \$2.375/acre | Prior yr + CPI-U | Prior yr + CPI-U | Prior yr + CPI-U | \$10,493/yr | \$10,776/yr | Prior yr + CPI-U | Prior yr + CPI-U | Market Based |

Note 3: The normal base fee is \$10,000 plus CPI-U, but in FY2000 there was a one-time excessive use for an additional \$7,200.

Note 4: Beginning in FY 2001, CPI-U is assumed to be 2.7% per year for estimating purposes.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|-------------------------------|---------------|------------------------------|--------------|
| 06506 | Motor Pool - Internal Service | 5401 | Department of Transportation | Maintenance |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 1,173,725 | 1,168,189 | 1,174,795 | 1,118,590 | 1,372,393 | 1,949,363 | 1,949,363 | 2,618,689 |
| Increases | | | | | | | | |
| Fee Revenue | 806,915 | 895,273 | 1,531,161 | 2,358,610 | 3,430,397 | 2,786,737 | 4,117,774 | 4,901,378 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 33,510 | 194,949 | - | - | 5,182 | 152,359 | 150,000 | 150,000 |
| Total Increases | 840,425 | 1,090,222 | 1,531,161 | 2,358,610 | 3,435,579 | 2,939,096 | 4,267,774 | 5,051,378 |
| (Decreases) | | | | | | | | |
| Personal Services | 169,812 | 175,502 | 203,622 | 224,626 | 204,463 | 219,396 | 238,258 | 245,406 |
| Operations | 676,149 | 885,198 | 1,109,032 | 1,504,180 | 2,398,824 | 2,286,590 | 2,809,952 | 3,147,135 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | 22,916 | 211,880 | 377,199 | 393,058 | 433,110 | 550,238 | 577,714 |
| Miscellaneous, other | - | - | 46,753 | 1,862 | 22,895 | - | - | - |
| Total Decreases | 845,961 | 1,083,616 | 1,571,287 | 2,107,867 | 3,019,240 | 2,939,096 | 3,598,448 | 3,970,255 |
| Adjustments to Beginning Retained Earnings | - | - | (16,079) | 3,060 | 160,631 | - | - | - |
| Ending Retained Earnings | 1,168,189 | 1,174,795 | 1,118,590 | 1,372,393 | 1,949,363 | 1,949,363 | 2,618,689 | 3,699,812 |
| Total Contributed Capital | 1,302,905 | 10,086 | 10,086 | - | - | - | - | - |
| Total Fund Equity | 2,471,094 | 1,184,881 | 1,128,676 | 1,372,393 | 1,949,363 | 1,949,363 | 2,618,689 | 3,699,812 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 140,994 | 180,603 | 254,089 | 351,001 | 499,391 | 489,849 | 599,741 | 661,709 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service

----- Estimated -----

| Funds | | 2002 | | 2002 | | 2003 | | 2003 | |
|-------|-------------------|-----------------------|-----------------------|-------------------|-----------------------|-------------------|-----------------------|-------------------|--|
| Class | Description | Assigned Rental Hours | Rate Per HR. Assigned | Per Mile Operated | Rate Per HR. Assigned | Per Mile Operated | Rate Per HR. Assigned | Per Mile Operated | |
| 02 | Small Utilities | 2920 | 1.597 | 0.022 | 1.600 | 0.022 | | | |
| 04 | Large Utilities | 2920 | 2.116 | 0.056 | 2.335 | 0.056 | | | |
| 06 | Passenger Cars | 2920 | 1.501 | 0.054 | 1.643 | 0.054 | | | |
| 07 | Small or Std Size | 2920 | 1.270 | 0.30 | 1.260 | 0.030 | | | |
| 11 | Large 4X4 Pickup | 2920 | 1.832 | 0.056 | 2.334 | 0.056 | | | |
| 12 | Vans | 2920 | 1.449 | 0.071 | 1.632 | 0.071 | | | |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|--------------------------------------|---------------|------------------------------|--------------|
| 06508 | Highway Equipment - Internal Service | 5401 | Department of Transportation | Equipment |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 39,849,293 | 39,506,641 | 40,427,974 | 38,748,613 | 39,935,458 | 28,331,024 | 28,425,921 | 28,870,115 |
| Increases | | | | | | | | |
| Fee Revenue | 13,445,869 | 16,570,149 | 14,558,757 | 16,116,523 | 15,543,287 | 16,809,659 | 18,985,695 | 19,051,232 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 310,525 | 189,916 | 123,333 | 68,941 | 2,015 | - | - | - |
| Miscellaneous, other | 264,419 | 182,718 | 403,229 | 104,951 | 136,764 | 100,000 | 100,000 | 100,000 |
| Total Increases | 14,020,813 | 16,942,783 | 15,085,319 | 16,290,415 | 15,682,066 | 16,909,659 | 19,085,695 | 19,151,232 |
| (Decreases) | | | | | | | | |
| Personal Services | 4,123,205 | 4,319,740 | 4,390,961 | 4,609,577 | 4,919,629 | 4,985,991 | 5,157,491 | 5,186,658 |
| Operations | 10,208,680 | 11,701,710 | 10,212,998 | 10,497,393 | 12,226,870 | 11,828,771 | 13,484,010 | 13,489,132 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | 16,131 | - | - | - |
| Total Decreases | 14,331,885 | 16,021,450 | 14,603,959 | 15,106,970 | 17,162,630 | 16,814,762 | 18,641,501 | 18,675,790 |
| Adjustments to Beginning Retained Earnings | (31,580) | - | (2,160,721) | 3,400 | (10,123,870) | - | - | - |
| Ending Retained Earnings | 39,506,641 | 40,427,974 | 38,748,613 | 39,935,458 | 28,331,024 | 28,425,921 | 28,870,115 | 29,345,557 |
| Total Contributed Capital | 1,957,155 | 2,600,979 | 2,670,817 | 2,796,842 | 7,138,843 | 19,248,692 | 19,248,692 | 19,248,692 |
| Total Fund Equity | 41,463,796 | 43,028,953 | 41,419,430 | 42,732,100 | 35,469,867 | 47,674,613 | 48,118,807 | 48,594,249 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 2,388,648 | 2,670,242 | 2,433,993 | 2,517,828 | 2,857,750 | 2,802,460 | 3,106,917 | 3,112,632 |

Fee/Rate Information for Legislative Action:

-----Estimated-----

Requested Rates for Internal Service

Funds

The fee charges will not be done till the actual Fiscal Year the rates pertain to. These rates will be supported by the EMS system. This same procedure has been used current with past practice.

The Equipment program may charge rates necessary to establish and maintain a 60 day working capital balance to operate the program.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|----------------|---------------|-------------|--------------|
| 06538 | Air Operations | 5706 | DNRC | Forestry |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 204,702 | 244,710 | 365,319 | 152,812 | 322,076 | 147,145 | 141,885 | 134,188 |
| Increases | | | | | | | | |
| Fee Revenue | 178,412 | 448,274 | 211,562 | 539,149 | 402,563 | 512,690 | 543,690 | 543,690 |
| Investment Earnings | 0 | 0 | 0 | | | | | |
| Transfers In | 337,500 | 403,136 | 355,419 | 343,419 | 355,419 | 355,419 | 389,169 | 389,169 |
| Miscellaneous, operating | 0 | 0 | 0 | | 162 | | | |
| Miscellaneous, other | 0 | 0 | 0 | | | | | |
| Total Increases | 515,912 | 851,410 | 566,981 | 882,568 | 758,144 | 868,109 | 932,859 | 932,859 |
| (Decreases) | | | | | | | | |
| Personal Services | 226,534 | 235,537 | 287,012 | 282,443 | 259,884 | 258,110 | 265,020 | 266,163 |
| Operations | 236,458 | 495,264 | 468,629 | 430,861 | 673,188 | 606,146 | 666,423 | 669,698 |
| Transfers Out | 0 | 0 | 0 | | | | | |
| Miscellaneous, operating | 0 | 0 | 0 | | | | | |
| Miscellaneous, other | 0 | 0 | 0 | | | 9,113 | 9,113 | 9,113 |
| Total Decreases | 462,992 | 730,801 | 755,641 | 713,304 | 933,072 | 873,369 | 940,556 | 944,974 |
| Adjustments to Beginning Retained Earnings | (12,912) | 0 | (23,847) | | (2) | | | |
| Ending Retained Earnings | 244,710 | 365,319 | 152,812 | 322,076 | 147,145 | 141,885 | 134,188 | 122,073 |
| Total Contributed Capital | 0 | 0 | 0 | | | | | |
| Total Fund Equity | 244,710 | 365,319 | 152,812 | 322,076 | 147,145 | 141,885 | 134,188 | 122,073 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 77,165 | 121,800 | 125,940 | 118,884 | 155,512 | 145,562 | 156,759 | 157,496 |

Fee/Rate Information for Legislative Action:

—Estimated—

Requested Rates for Internal Service Funds

| | | | |
|---------------------|-------|-------|-------|
| Cessna Aircraft | \$90 | \$95 | \$95 |
| Bell 206 Helicopter | \$345 | \$355 | \$355 |
| UH-1 Helicopter | \$850 | \$875 | \$875 |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|-------------------------|---------------|-----------------------|-------------------------|
| 06554 | Customer Service Center | 5801 | Department of Revenue | Customer Service Center |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|----------------|----------------|----------------|--------------------|--------------------|-------------------|-------------------|
| Beginning Retained Earnings | (9,804) | 26,954 | 64,085 | 32,998 | 24,550 | (1,284,764) | (1,284,764) | (623,607) |
| Increases | | | | | | | | |
| Fee Revenue | 258,640 | 267,348 | 204,247 | 174,157 | 6,339,079 | 7,939,308 | 9,001,779 | 9,242,446 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 357 | 87 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 258,640 | 267,348 | 204,247 | 174,514 | 6,339,166 | 7,939,308 | 9,001,779 | 9,242,446 |
| (Decreases) | | | | | | | | |
| Personal Services | 163,720 | 144,045 | 159,135 | 130,304 | 4,906,825 | 4,937,448 | 4,988,176 | 5,140,912 |
| Operations | 59,640 | 86,172 | 77,725 | 52,658 | 2,395,449 | 2,658,325 | 3,011,520 | 3,020,025 |
| Transfers Out | - | - | - | - | 345,756 | 343,535 | 340,926 | 294,566 |
| Miscellaneous, operating | - | - | - | - | 455 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 223,360 | 230,217 | 236,860 | 182,962 | 7,648,485 | 7,939,308 | 8,340,622 | 8,455,503 |
| Adjustments to Beginning Retained Earnings | | | | | | | | |
| Earnings | 1,478 | - | 1,526 | - | 5 | - | - | - |
| Ending Retained Earnings | 26,954 | 64,085 | 32,998 | 24,550 | (1,284,764) | (1,284,764) | (623,607) | 163,336 |
| Total Contributed Capital | 4,820 | 4,628 | - | - | 533,364 | - | - | - |
| Total Fund Equity | 31,774 | 68,713 | 32,998 | 24,550 | (751,400) | (1,284,764) | (623,607) | 163,336 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 37,227 | 38,370 | 39,477 | 30,494 | 1,217,122 | 1,265,962 | 1,333,283 | 1,360,156 |

Fee/Rate Information for Legislative Action:

| | -----Estimated----- | | | |
|--------------------------------------|---------------------|------|------|--------|
| Requested Rates for Internal Service | | | | |
| Funds | xxxx | xxxx | | |
| One-Stop | | 4.51 | 4.51 | 5.29 |
| Forms Design | | - | - | 461.00 |
| Call Center | | - | - | 3.58 |
| Liquor License | | - | - | 225.00 |
| Licensing/Registration | | - | - | 8.10 |
| Input Manual Cash | | 1.21 | 1.21 | 2.10 |
| Input Mail | | 0.19 | 0.19 | 0.20 |
| Outgoing Mail | | 0.19 | 0.19 | 0.41 |
| E-File/T-File | | - | - | 0.0014 |
| Capture Image | | 3.91 | 3.91 | 0.0134 |
| Capture Paper | | 4.97 | 4.97 | 1.97 |
| Validation | | 0.18 | 0.18 | 0.28 |
| Retention - Record Processing | | 0.21 | 0.21 | 0.53 |
| Retention - Record Storage | | 0.21 | 0.21 | 0.04 |
| Warrant Writing/Mailing | | - | - | 0.72 |
| Manual Coupon | | - | - | 1.00 |
| Coupon Payment | | 0.25 | 0.25 | 0.46 |
| Unclaimed Property Commission | | - | - | 11% |
| Accounts Receivables Commission | | 10% | 10% | 11% |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|-------------------------|---------------|------------------------------|--------------|
| 06027 | Flexible Spending Funds | 6101 | Department of Administration | Personnel |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | N/A | - | 79,803 | 376,914 | 323,914 | 116,024 | 120,314 | 123,520 |
| Increases | | | | | | | | |
| Fee Revenue | - | 74,481 | 72,379 | 77,446 | 86,043 | 98,700 | 111,549 | 127,574 |
| Investment Earnings | - | - | 58 | - | 3,823 | 6,000 | 6,000 | 6,000 |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | 2,541,164 | 4,882,141 | 5,050,284 | 3,244,249 | 3,661,300 | 4,249,090 | 4,928,943 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | N/A | 2,615,645 | 4,954,578 | 5,127,730 | 3,334,115 | 3,766,000 | 4,366,639 | 5,062,517 |
| (Decreases) | | | | | | | | |
| Personal Services | - | - | - | - | - | - | - | - |
| Operations | - | 2,535,842 | 4,711,055 | 5,180,730 | 3,246,104 | 3,761,710 | 4,363,433 | 5,059,311 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | 58 | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | N/A | 2,635,842 | 4,711,113 | 5,180,730 | 3,246,104 | 3,761,710 | 4,363,433 | 5,059,311 |
| Adjustments to Beginning Retained Earnings | - | - | 53,646 | - | (295,901) | - | - | - |
| Ending Retained Earnings | N/A | 79,803 | 376,914 | 323,914 | 116,024 | 120,314 | 123,520 | 126,726 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | N/A | 79,803 | 376,914 | 323,914 | 116,024 | 120,314 | 123,520 | 126,726 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | N/A | 422,640 | 785,186 | 863,455 | 541,017 | 626,952 | 727,239 | 843,219 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service
Funds

— Estimated —

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|------------------|---------------|------------------------------|--------------|
| 06066 | Surplus Property | 6101 | Department of Administration | |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|------------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | - | 207,995 | 344,562 | 313,415 | 280,553 | 143,760 | 146,031 | 174,655 |
| Increases | | | | | | | | |
| Fee Revenue | 837,222 | 767,530 | 533,666 | 472,048 | 397,991 | 549,137 | 554,684 | 548,235 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 257 | 2 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 837,222 | 767,530 | 533,666 | 472,305 | 397,993 | 549,137 | 554,684 | 548,235 |
| (Decreases) | | | | | | | | |
| Personal Services | 280,568 | 244,430 | 225,443 | 223,563 | 216,220 | 233,639 | 256,175 | 257,624 |
| Operations | 400,100 | 374,522 | 331,753 | 281,604 | 259,024 | 313,227 | 269,885 | 272,817 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 2,036 | 1,065 | - | - | - | - | - | - |
| Miscellaneous, other | 4,202 | 10,946 | 2,835 | - | - | - | - | - |
| Total Decreases | 686,906 | 630,963 | 560,031 | 505,167 | 475,244 | 546,866 | 526,060 | 530,441 |
| Adjustments to Beginning Retained Earnings | 57,679 | - | (4,782) | - | (59,542) | - | - | - |
| Ending Retained Earnings | 207,995 | 344,562 | 313,415 | 280,553 | 143,760 | 146,031 | 174,655 | 192,449 |
| Total Contributed Capital | 300,163 | 693,873 | 284,849 | 284,262 | 799,476 | 500,000 | 450,000 | 400,000 |
| Total Fund Equity | 508,158 | 1,038,435 | 598,264 | 564,815 | 943,236 | 646,031 | 624,655 | 592,449 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 113,784 | 103,336 | 92,866 | 84,195 | 79,207 | 91,144 | 87,677 | 88,407 |

Fee/Rate Information for Legislative Action:

— Estimated —

Requested Rates for Internal Service Funds

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|----------------|---------------|------------------------------|--------------------|
| 06504 | Legal Services | 6101 | Department of Administration | Management Support |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|----------------|----------------|-----------------|-----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | (14,572) | (3,588) | (9,358) | (8,123) | (18,325) | (22,602) | (31,274) | (22,200) |
| Increases | | | | | | | | |
| Fee Revenue | 99,245 | 101,923 | 55,115 | 54,830 | 91,024 | 91,144 | 113,215 | 113,215 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 5 | - | 12 | 75 | 75 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 99,250 | 101,923 | 55,127 | 54,905 | 91,099 | 91,144 | 113,215 | 113,215 |
| (Decreases) | | | | | | | | |
| Personal Services | 78,595 | 98,630 | 46,417 | 58,656 | 88,521 | 90,816 | 93,540 | 96,346 |
| Operations | 8,757 | 9,063 | 5,729 | 6,451 | 8,861 | 9,000 | 10,601 | 10,750 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 914 | - | - | - | - | - | - | - |
| Total Decreases | 88,266 | 107,693 | 52,146 | 65,107 | 97,382 | 99,816 | 104,141 | 107,096 |
| Adjustments to Beginning Retained Earnings | - | - | (1,746) | - | 2,006 | - | - | - |
| Ending Retained Earnings | (3,588) | (9,358) | (8,123) | (18,325) | (22,602) | (31,274) | (22,200) | (16,081) |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | (3,588) | (9,358) | (8,123) | (18,325) | (22,602) | (31,274) | (22,200) | (16,081) |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 14,559 | 17,949 | 8,691 | 10,851 | 16,230 | 16,636 | 17,357 | 17,849 |

Fee/Rate Information for Legislative Action:

| | -----Estimated----- | |
|--------------------------------------|---------------------|----------------|
| | FY2002 | FY2003 |
| Requested Rates for Internal Service | | |
| Funds | | |
| Teachers' Retirement | 22,643 | 22,673 |
| Personnel Division | 29,436 | 29,475 |
| Risk Management & Tort Defense | 2264 | 2267 |
| General Services | 7,925 | 7,935 |
| Architecture & Engineering | 20,379 | 20,406 |
| Information Services | 30,568 | 30,608 |
| Totals | 113,215 | 113,364 |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|-----------------|---------------|------------------------------|--------------|
| 06522 | ISD Proprietary | 6101 | Department of Administration | ISD |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 6,693,147 | 8,633,883 | 3,081,853 | 1,151,133 | 855,210 | (5,918,008) | 1,540,828 | 1,961,610 |
| Increases | | | | | | | | |
| Fee Revenue | 22,529,518 | 18,265,611 | 22,372,396 | 23,593,484 | 29,495,486 | 27,960,214 | 31,367,711 | 31,135,528 |
| Investment Earnings | - | - | - | 6,985 | - | - | - | - |
| Transfers In | 96,533 | 95,666 | 2,628 | - | - | - | - | - |
| Miscellaneous, operating | 13,250 | 5,056 | 118,546 | 109,558 | 8,773 | - | - | - |
| Miscellaneous, other | - | - | - | - | 42,938 | - | - | - |
| Total Increases | 22,639,301 | 18,366,333 | 22,493,570 | 23,710,027 | 29,547,197 | 27,960,214 | 31,367,711 | 31,135,528 |
| (Decreases) | | | | | | | | |
| Personal Services | 5,024,010 | 5,555,802 | 6,191,844 | 7,038,034 | 8,804,442 | 8,383,253 | 9,135,264 | 9,408,437 |
| Operations | 14,629,948 | 17,875,918 | 16,812,839 | 17,873,219 | 28,755,886 | 20,441,938 | 21,811,665 | 21,660,277 |
| Transfers Out | - | - | 61,816 | - | 44,430 | - | - | - |
| Miscellaneous, operating | 68,912 | 265,284 | 135,657 | 242,127 | 189,107 | - | - | - |
| Miscellaneous, other | 962,700 | 221,359 | 164,792 | 146,404 | 168,077 | - | - | - |
| Total Decreases | 20,685,570 | 23,918,363 | 23,366,948 | 25,301,784 | 35,961,942 | 28,825,191 | 30,946,929 | 31,068,714 |
| Adjustments to Beginning Retained Earnings | (12,995) | - | (1,057,342) | 1,295,834 | (358,472) | 8,323,813 | - | - |
| Ending Retained Earnings | 8,633,883 | 3,081,853 | 1,151,133 | 855,210 | (5,918,008) | 1,540,828 | 1,961,610 | 2,028,424 |
| Total Contributed Capital | 1,752,942 | 1,670,548 | 1,592,495 | 1,592,495 | 1,592,495 | 1,592,495 | 1,592,495 | 1,592,495 |
| Total Fund Equity | 10,386,825 | 4,752,401 | 2,743,628 | 2,447,705 | (4,325,513) | 3,133,323 | 3,554,105 | 3,620,919 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 3,287,145 | 3,949,501 | 3,856,723 | 4,192,230 | 5,958,239 | 4,804,199 | 5,157,822 | 5,178,119 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service
Funds

xxxx xxxx

-----Estimated-----
Ability to charge various rates in order to maintain 60-day working capital, except that the desktop services rate may not exceed \$73.50 per connection per month or the amount that was budgeted in an agency budget, whichever is more.

Adjustment to Beginning Retained Earnings in FY 2001 of \$8,323,813 is to correct depreciation posted in error in FY 2000. See FY 2001 Journal ISD4. 8/1/00.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|------------------|---------------|------------------------------|---------------------|
| 06523 | Mail & Messenger | 6101 | Department of Administration | Mail & Distribution |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 196,978 | 320,879 | 371,255 | 340,732 | 508,181 | 792,353 | 569,353 | 552,304 |
| Increases | | | | | | | | |
| Fee Revenue | 3,576,308 | 3,357,538 | 3,234,671 | 3,506,098 | 3,687,701 | 3,253,764 | 3,619,227 | 3,616,809 |
| Investment Earnings | 3 | 1 | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 606 | 779 | - | - | - |
| Miscellaneous, other | - | 578 | - | - | - | - | - | - |
| Total Increases | 3,576,311 | 3,358,117 | 3,234,671 | 3,506,704 | 3,688,480 | 3,253,764 | 3,619,227 | 3,616,809 |
| (Decreases) | | | | | | | | |
| Personal Services | 308,037 | 307,556 | 365,254 | 374,479 | 402,488 | 402,570 | 418,214 | 420,173 |
| Operations | 3,134,504 | 2,995,394 | 2,860,360 | 2,942,307 | 2,963,902 | 3,017,438 | 3,147,593 | 3,142,196 |
| Transfers Out | - | - | - | - | - | 56,756 | 70,469 | 52,244 |
| Miscellaneous, operating | 8,823 | 4,791 | 1,178 | 4,485 | 35,768 | - | - | - |
| Miscellaneous, other | 1,046 | - | - | 17,984 | 500 | - | - | - |
| Total Decreases | 3,452,410 | 3,307,741 | 3,226,792 | 3,339,255 | 3,402,658 | 3,476,764 | 3,636,276 | 3,614,613 |
| Adjustments to Beginning Retained Earnings | - | - | (38,402) | - | (1,650) | - | - | - |
| Ending Retained Earnings | 320,879 | 371,255 | 340,732 | 508,181 | 792,353 | 569,353 | 552,304 | 554,500 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 320,879 | 371,255 | 340,732 | 508,181 | 792,353 | 569,353 | 552,304 | 554,500 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 575,227 | 551,290 | 537,799 | 553,545 | 567,026 | 570,001 | 594,301 | 593,728 |

Fee/Rate Information for Legislative Action:

| | | -----Estimated----- | | | | | |
|--------------------------------------|------|---|--|-----------|-----------|-----------|-----------|
| Requested Rates for Internal Service | | The Central Mail Program requests a 60-day working capital reserve, except for the rate for interagency mail. | | | | | |
| Funds | xxxx | xxxx | The legislature defined the rate for interagency mail to mean the total amount allocated for interagency mail charges in the fixed cost portion of agency budgets. | | | | |
| Deadhead - allocated in Fixed | | | | | | | |
| Portion of Agency Budgets | | | \$157,157 | \$157,157 | \$163,704 | \$163,704 | \$171,655 |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|----------------------------|---------------|------------------------------|--------------|
| 06525 | Intergovernmental Training | 6101 | Department of Administration | Personnel |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|----------------|----------------|-----------------|-----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 35,497 | 25,163 | 2,402 | 9,059 | (11,506) | (11,181) | (35) | 3,323 |
| Increases | | | | | | | | |
| Fee Revenue | 188,389 | 188,475 | 203,399 | 176,422 | 235,806 | 231,732 | 238,380 | 239,654 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 140 | 272 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 188,389 | 188,475 | 203,399 | 176,562 | 236,078 | 231,732 | 238,380 | 239,654 |
| (Decreases) | | | | | | | | |
| Personal Services | 125,155 | 133,289 | 93,547 | 133,169 | 140,511 | 138,633 | 140,258 | 140,956 |
| Operations | 70,875 | 77,947 | 95,566 | 63,958 | 95,258 | 81,953 | 94,764 | 94,621 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 2,693 | - | - | - | - | - | - | - |
| Total Decreases | 198,723 | 211,236 | 189,113 | 197,127 | 235,769 | 220,586 | 235,022 | 235,577 |
| Adjustments to Beginning Retained Earnings | - | - | (7,629) | - | 16 | - | - | - |
| Ending Retained Earnings | 25,163 | 2,402 | 9,059 | (11,506) | (11,181) | (35) | 3,323 | 7,400 |
| Total Contributed Capital | 1,036 | 1,036 | 600 | 600 | 600 | 600 | 600 | 600 |
| Total Fund Equity | 26,199 | 3,438 | 9,659 | (10,906) | (10,581) | 565 | 3,923 | 8,000 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 32,672 | 35,206 | 31,519 | 32,855 | 39,295 | 36,764 | 39,170 | 39,263 |

Fee/Rate Information for Legislative Action:

| | | | | | | -----Estimated----- | | |
|--|---------|---------|---------|---------|----------|---------------------|----------|----------|
| Requested Rates for Internal Service Funds | \$40.00 | \$40.00 | \$44.17 | \$45.43 | \$50.91 | \$52.84 | \$113.00 | \$113.00 |
| | | | | | per hour | | | |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|------------------------|---------------|--------------------------------------|------------------|
| 06528 / | Rent And Maintenance / | 6101 | Department of Administration | General Services |
| 06541 | Grounds Maintenance | 5201 | Department of Fish, Wildlife & Parks | Parks |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 570,076 | 1,193,501 | 939,754 | 985,457 | 856,866 | 471,636 | 263,477 | 300,080 |
| Increases | | | | | | | | |
| Fee Revenue | 4,416,982 | 4,559,982 | 4,793,200 | 5,051,207 | 5,455,290 | 5,597,097 | 6,133,074 | 6,235,764 |
| Investment Earnings | - | - | - | 156 | - | - | - | - |
| Transfers In | 53,465 | 21,860 | 58,800 | 58,801 | 44,430 | - | - | - |
| Miscellaneous, operating | 4,182 | 25 | - | 832 | 1,131 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 4,474,629 | 4,581,867 | 4,852,000 | 5,110,996 | 5,500,851 | 5,597,097 | 6,133,074 | 6,235,764 |
| (Decreases) | | | | | | | | |
| Personal Services | 776,878 | 801,358 | 841,431 | 906,244 | 960,708 | 952,360 | 1,069,235 | 1,074,521 |
| Operations | 3,071,657 | 3,778,184 | 3,586,529 | 4,242,635 | 4,479,736 | 4,852,896 | 5,027,236 | 5,083,433 |
| Transfers Out | - | 102,088 | 322,487 | 92,000 | 328,047 | - | - | - |
| Miscellaneous, operating | - | 50,000 | - | - | - | - | - | - |
| Miscellaneous, other | 2,669 | 1,378 | 92 | 33 | 14,361 | - | - | - |
| Total Decreases | 3,851,204 | 4,733,008 | 4,750,539 | 5,240,912 | 5,782,852 | 5,805,256 | 6,096,471 | 6,167,954 |
| Adjustments to Beginning Retained Earnings | - | (102,606) | (55,758) | 1,325 | (103,229) | - | - | - |
| Ending Retained Earnings | 1,193,501 | 939,754 | 985,457 | 856,866 | 471,636 | 263,477 | 300,080 | 377,890 |
| Total Contributed Capital | 109,588 | 5,837 | 4,587 | 4,587 | 4,587 | 4,587 | 4,587 | 4,587 |
| Total Fund Equity | 1,303,089 | 945,591 | 990,044 | 861,453 | 476,223 | 268,064 | 304,667 | 382,477 |
| Unreserved Fund Balance | | | | | | | | |

60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6)

| | | | | | | | |
|---------|---------|---------|---------|---------|---------|-----------|-----------|
| 641,423 | 771,590 | 737,993 | 858,147 | 906,741 | 967,543 | 1,016,079 | 1,026,326 |
|---------|---------|---------|---------|---------|---------|-----------|-----------|

Fee/Rate Information for Legislative Action:

| -----Estimated----- | | | | | | | | Authority | |
|--|-------|----------------|--------------|--------------|--------------|--------------|--------------|--------------|----------|
| Requested Rates for Internal Service Funds | | | | | | | | | |
| | 06528 | Rent & Maint. | \$4.616/psf | \$4.789/psf | \$5.13/psf | \$5.37/psf | \$5.90/psf | \$6.017/psf | 2-17-101 |
| | 06541 | Grounds Maint. | \$0.3446/psf | \$0.3446/psf | \$0.3446/psf | \$0.3446/psf | \$0.3696/psf | \$0.3696/psf | 2-17-111 |
| psf= Annual per square foot cost | | | | | | | | | |
| 2-17-811 | | | | | | | | | |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|-------------------------|---------------|------------------------------|----------------------------|
| 06530 | Publications & Graphics | 6101 | Department of Administration | Procurement & Publications |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 1,323,788 | 1,259,002 | 1,253,238 | 1,104,978 | 1,135,694 | 1,047,846 | 772,919 | 697,524 |
| Increases | | | | | | | | |
| Fee Revenue | 6,392,741 | 6,454,867 | 6,212,956 | 5,464,557 | 5,312,668 | 6,498,100 | 5,736,992 | 6,074,862 |
| Investment Earnings | - | - | - | 594 | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | 50 | 1,267 | 1,569 | - | - | - |
| Miscellaneous, other | - | 13,148 | - | - | - | - | - | - |
| Total Increases | 6,392,741 | 6,468,015 | 6,213,006 | 5,466,418 | 5,314,235 | 6,498,100 | 5,736,992 | 6,074,862 |
| (Decreases) | | | | | | | | |
| Personal Services | 754,187 | 882,267 | 774,991 | 862,683 | 802,792 | 958,171 | 871,090 | 969,086 |
| Operations | 5,698,851 | 5,611,512 | 5,536,848 | 4,570,634 | 4,516,113 | 5,632,911 | 4,660,643 | 4,899,496 |
| Transfers Out | - | - | - | - | - | 181,945 | 280,654 | 310,154 |
| Miscellaneous, operating | - | - | - | - | 15,573 | - | - | - |
| Miscellaneous, other | 4,489 | - | 14,160 | 8,990 | 7,192 | - | - | - |
| Total Decreases | 6,457,527 | 6,473,779 | 6,325,999 | 5,442,287 | 5,341,670 | 6,773,027 | 5,812,387 | 6,178,736 |
| Adjustments to Beginning Retained Earnings | - | - | (35,267) | 6,585 | (60,413) | - | - | - |
| Ending Retained Earnings | 1,259,002 | 1,253,238 | 1,104,978 | 1,135,694 | 1,047,846 | 772,919 | 697,524 | 593,650 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 1,259,002 | 1,253,238 | 1,104,978 | 1,135,694 | 1,047,846 | 772,919 | 697,524 | 593,650 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 1,075,506 | 1,078,963 | 1,051,973 | 905,550 | 889,080 | 1,098,514 | 921,956 | 978,097 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service

| | | |
|-------|------|------|
| Funds | xxxx | xxxx |
|-------|------|------|

The program must maintain a break-even approach in its operations, and have a large number of individual rates for the various products or services provided. Therefore, previous legislatures defined "rates and fees" for the program to mean a specific working capital reserve balance. The P & G Bureau requests a 60-day working capital reserve.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|----------------|---------------|------------------------------|--------------|
| 06531 | Central Stores | 6101 | Department of Administration | Procurement |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 1,533,996 | 1,540,330 | 1,479,507 | 1,216,698 | 915,987 | 578,031 | 459,072 | 485,663 |
| Increases | | | | | | | | |
| Fee Revenue | 4,096,015 | 3,584,670 | 3,787,540 | 3,671,379 | 4,219,466 | 4,073,242 | 4,677,771 | 4,676,102 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | 200 | 438 | 980 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 4,096,015 | 3,584,670 | 3,787,740 | 3,671,817 | 4,220,446 | 4,073,242 | 4,677,771 | 4,676,102 |
| (Decreases) | | | | | | | | |
| Personal Services | 263,458 | 303,322 | 340,579 | 336,008 | 340,698 | 372,693 | 362,687 | 365,472 |
| Operations | 3,763,745 | 3,339,498 | 3,677,439 | 3,647,016 | 4,087,286 | 3,819,508 | 4,288,493 | 4,274,136 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 2,118 | 1,065 | - | - | - | - | - | - |
| Miscellaneous, other | 2,691 | 1,808 | 3,402 | - | - | - | - | - |
| Total Decreases | 4,032,012 | 3,645,493 | 4,021,420 | 3,983,022 | 4,427,984 | 4,192,201 | 4,651,180 | 4,639,608 |
| Adjustments to Beginning Retained Earnings | | | | | | | | |
| Earnings | (57,669) | - | (29,129) | 10,494 | (130,418) | - | - | - |
| Ending Retained Earnings | 1,540,330 | 1,479,507 | 1,216,698 | 915,987 | 578,031 | 459,072 | 485,663 | 522,157 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 1,540,330 | 1,479,507 | 1,216,698 | 915,987 | 578,031 | 459,072 | 485,663 | 522,157 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 671,554 | 607,314 | 669,670 | 663,837 | 737,997 | 698,700 | 775,197 | 773,268 |

Fee/Rate Information for Legislative Action:

| | | | -----Estimated----- |
|--------------------------------------|------|------|---|
| Requested Rates for Internal Service | | | |
| Funds | XXXX | XXXX | The program must maintain a break-even approach in its operations, and have a large number of individual rates for the various products sold or services provided. Therefore, previous legislatures defined "rates and fees" for the program to mean a specific working capital reserve balance. The Central Stores account requests a 60-day working capital reserve |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|---------------------------------|---------------|------------------------------|--------------------------------|
| 06532 | Agency Insurance Internal Servi | 6101 | Department of Administration | Risk Management & Tort Defense |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|--------------|-------------|-------------|-------------|--------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | (13,181,911) | (8,003,264) | (5,522,134) | (5,487,945) | (9,633,862) | (23,767,529) | (24,709,472) | (28,456,069) |
| Increases | | | | | | | | |
| Fee Revenue | 1,105 | 1,733 | - | 1,593 | 6,533,045 | 6,561,082 | 8,056,480 | 8,657,660 |
| Investment Earnings | 501,677 | 749,849 | 852,507 | 615,001 | 264,533 | 235,586 | 268,389 | 271,437 |
| Transfers In | 88,454 | - | 15,839 | 126,446 | 11,759 | 154,663 | 154,663 | 154,663 |
| Miscellaneous, operating | 5,970,479 | 5,952,147 | 6,246,892 | 6,474,182 | 17,115 | 9,136 | 9,136 | 9,136 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 6,561,715 | 6,703,529 | 7,115,038 | 7,217,222 | 6,826,452 | 6,960,467 | 8,488,668 | 9,092,896 |
| (Decreases) | | | | | | | | |
| Personal Services | 422,929 | 460,545 | 447,779 | 512,783 | 549,094 | 656,572 | 675,936 | 678,579 |
| Operations | 958,174 | 3,519,247 | 6,070,518 | 6,020,276 | 22,464,256 | 7,245,838 | 11,559,329 | 11,637,204 |
| Transfers Out | - | - | 257,782 | 239,018 | 316,299 | - | - | - |
| Miscellaneous, operating | - | 242,404 | 292,843 | 142,897 | - | - | - | - |
| Miscellaneous, other | 1,965 | 203 | 4,793 | - | - | - | - | - |
| Total Decreases | 1,383,068 | 4,222,399 | 7,073,515 | 6,914,974 | 23,329,649 | 7,902,410 | 12,235,265 | 12,315,783 |
| Adjustments to Beginning Retained Earnings | - | - | (7,334) | (4,448,165) | 2,369,530 | - | - | - |
| Ending Retained Earnings | (8,003,264) | (5,522,134) | (5,487,945) | (9,633,862) | (23,767,529) | (24,709,472) | (28,456,069) | (31,678,956) |
| Total Contributed Capital | 2,801 | 2,801 | 2,306 | 2,306 | 2,306 | 2,306 | 2,306 | 2,306 |
| Total Fund Equity | (8,000,463) | (5,519,333) | (5,485,639) | (9,631,556) | (23,765,223) | (24,707,166) | (28,453,763) | (31,676,650) |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 230,184 | 703,699 | 1,135,157 | 1,112,659 | 3,835,558 | 1,317,068 | 2,039,211 | 2,052,631 |

Fee/Rate Information for Legislative Action:

| Requested Rates for Internal Service Funds | Estimated | | | | | | Authority |
|--|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | FY1998 | FY1999 | FY2000 | FY2001 | FY2002 | FY2003 | MCA |
| General Liability | 3,632,199 | 3,812,492 | 3,834,842 | 3,834,842 | 5,362,500 | 5,775,000 | 2-9-202 |
| Auto Liability | 1,194,501 | 1,244,419 | 1,244,420 | 1,244,419 | 1,137,500 | 1,225,000 | 2-9-202 |
| Property | 1,140,109 | 1,104,108 | 1,147,684 | 1,147,684 | 1,200,500 | 1,270,930 | 2-9-202 |
| Airport/Aircraft | 134,014 | 133,514 | 122,108 | 122,108 | 116,567 | 128,222 | 2-9-202 |
| All Other Lines | 145,870 | 158,227 | 202,742 | 212,029 | 239,413 | 258,508 | 2-9-202 |
| Total Fees Charged | 6,246,692 | 6,452,760 | 6,551,796 | 6,561,082 | 8,056,480 | 8,657,660 | |

The rate objective is to maintain insurance rates sufficient to sustain losses in each year of the biennium equal to the average losses sustained in the last three years.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|-------------------------|---------------|------------------------------|--------------|
| 06558 | Natural Gas Procurement | 6101 | Department of Administration | Procurement |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|---------------|--------------|--------------|--------------|--------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 2,089 | 1,897 | 1,695 | 2,285 | 3,277 | 4,041 | 0 | 0 |
| Increases | | | | | | | | |
| Fee Revenue | 99,285 | - | 952 | 1,312 | 404 | 104 | 104 | 104 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 99,285 | - | 952 | 1,312 | 404 | 104 | 104 | 104 |
| (Decreases) | | | | | | | | |
| Personal Services | - | - | - | - | - | - | - | - |
| Operations | 98,346 | 202 | 271 | 320 | 455 | 4,145 | 104 | 104 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 1,131 | - | - | - | - | - | - | - |
| Total Decreases | 99,477 | 202 | 271 | 320 | 455 | 4,145 | 104 | 104 |
| Adjustments to Beginning Retained Earnings | - | - | (91) | - | 815 | - | - | - |
| Ending Retained Earnings | 1,897 | 1,695 | 2,285 | 3,277 | 4,041 | 0 | 0 | 0 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 1,897 | 1,695 | 2,285 | 3,277 | 4,041 | 0 | 0 | 0 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 16,391 | 34 | 45 | 53 | 76 | 691 | 17 | 17 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service

Funds xxxx xxxx

-----Estimated-----

The Natural Gas and Electricity Procurement account requests a break-even rate (no capital reserve) and will charge back actual expenses to the applicable agencies.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|---------------------------|---------------|------------------------------|--------------|
| 06559 | Group Benefits Claims A/C | 6101 | Department of Administration | Personnel |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 23,790,168 | 24,724,446 | 25,454,470 | 28,544,013 | 23,741,741 | 20,757,180 | 19,154,240 | 14,214,136 |
| Increases | | | | | | | | |
| Fee Revenue | (15,435) | 13,853 | 13,713 | (1,090) | - | - | - | - |
| Investment Earnings | 2,222,921 | 3,250,220 | 3,353,204 | 2,041,764 | 1,164,883 | 1,133,000 | 825,150 | 648,700 |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 41,337,812 | 43,127,398 | 48,037,101 | 48,302,563 | 58,717,941 | 60,043,300 | 65,811,050 | 75,361,300 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 43,545,298 | 46,391,471 | 51,404,018 | 50,343,237 | 59,882,824 | 61,176,300 | 66,636,200 | 76,010,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 305,733 | 349,719 | 414,772 | 407,284 | 378,056 | 412,335 | 462,876 | 468,401 |
| Operations | 42,305,083 | 44,338,780 | 47,216,709 | 54,344,639 | 62,489,348 | 62,366,905 | 71,113,428 | 78,069,680 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | 972,955 | 770,834 | 393,586 | - | - | - | - |
| Miscellaneous, other | 204 | 508 | 40 | - | - | - | - | - |
| Total Decreases | 42,611,020 | 45,661,962 | 48,402,355 | 55,145,509 | 62,867,404 | 62,779,240 | 71,576,304 | 78,538,081 |
| Adjustments to Beginning Retained Earnings | - | 515 | 87,880 | - | 19 | - | - | - |
| Ending Retained Earnings | 24,724,446 | 25,454,470 | 28,544,013 | 23,741,741 | 20,757,180 | 19,154,240 | 14,214,136 | 11,686,055 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 24,724,446 | 25,454,470 | 28,544,013 | 23,741,741 | 20,757,180 | 19,154,240 | 14,214,136 | 11,686,055 |
| Unreserved Fund Balance | - | - | - | - | - | - | - | - |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 7,101,803 | 7,610,242 | 8,067,053 | 9,190,918 | 10,477,901 | 10,463,207 | 11,929,384 | 13,089,680 |

Fee/Rate Information for Legislative Action:

| | | | |
|--------------------------------------|------|------|---|
| | | | -----Estimated----- |
| Requested Rates for Internal Service | | | |
| Funds | xxxx | xxxx | The goal is to maintain adequate actuarial reserves. Rates for FY 2002 and FY 2003 have not been determined at this time. |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|--------------------------|---------------|------------------------------|--------------------|
| 06560 | DP Unit Proprietary Fund | 6101 | Department of Administration | Management Support |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|---------------|---------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | (3,546) | 5,383 | 2,580 | (1,087) | 12,693 | 19,455 | 11,619 | 17,678 |
| Increases | | | | | | | | |
| Fee Revenue | 60,468 | 65,673 | 130,693 | 148,998 | 118,220 | 151,502 | 165,149 | 168,482 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 123 | 196 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 60,468 | 65,673 | 130,693 | 149,121 | 118,416 | 151,502 | 165,149 | 168,482 |
| (Decreases) | | | | | | | | |
| Personal Services | 45,107 | 54,564 | 107,782 | 125,733 | 91,672 | 121,102 | 133,186 | 133,924 |
| Operations | 6,432 | 13,912 | 21,256 | 24,277 | 19,350 | 38,236 | 25,904 | 25,975 |
| Transfers Out | - | - | 4,675 | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | 632 | - | - | - |
| Total Decreases | 51,539 | 68,476 | 133,713 | 150,010 | 111,654 | 159,338 | 159,090 | 159,899 |
| Adjustments to Beginning Retained Earnings | - | - | (647) | 14,669 | - | - | - | - |
| Ending Retained Earnings | 5,383 | 2,580 | (1,087) | 12,693 | 19,455 | 11,619 | 17,678 | 26,261 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 5,383 | 2,580 | (1,087) | 12,693 | 19,455 | 11,619 | 17,678 | 26,261 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 8,590 | 11,413 | 21,506 | 25,002 | 18,504 | 26,556 | 26,515 | 26,650 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service

| Funds | | | | | | -----Estimated----- | |
|-------------------------|-------|-------|-------|-------|-------|---------------------|---------|
| Support per computer | \$503 | \$503 | \$505 | \$547 | \$668 | \$668 | \$714 |
| Support per server | | | | | | | \$1,072 |
| Programming cost/per hr | \$15 | \$15 | \$18 | \$18 | | | \$1,098 |

To maintain 60 day working capital

The financial objective of the Network Support Unit is to operate on a break-even basis. This unit charges other divisions in the department a fixed fee per computer to cover the costs of providing network support services, which it bills in July of each fiscal year to build up the working capital balance it requires. It charges a set fee per hour for computer programming, which it bills on an actual-hours-used basis.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|---------------------------|---------------|------------------------------|--------------|
| 06561 | Statewide Fueling Network | 6101 | Department of Administration | Procurement |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|---------------|---------------|---------------|--------------|---------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 8,962 | 18,611 | 11,691 | 4,602 | 5,018 | 4,840 | 9,396 | 5,214 |
| Increases | | | | | | | | |
| Fee Revenue | 16,991 | 8,477 | 9,724 | 9,705 | 16,103 | 22,363 | 12,560 | 12,757 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | 54 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 16,991 | 8,477 | 9,724 | 9,705 | 16,157 | 22,363 | 12,560 | 12,757 |
| (Decreases) | | | | | | | | |
| Personal Services | - | - | - | - | - | - | - | - |
| Operations | 7,342 | 15,397 | 11,515 | 9,289 | 16,335 | 17,807 | 16,742 | 17,005 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 7,342 | 15,397 | 11,515 | 9,289 | 16,335 | 17,807 | 16,742 | 17,005 |
| Adjustments to Beginning Retained Earnings | - | - | (5,298) | - | - | - | - | - |
| Ending Retained Earnings | 18,611 | 11,691 | 4,602 | 5,018 | 4,840 | 9,396 | 5,214 | 966 |
| Total Contributed Capital | 2,535 | 2,535 | 2,535 | 2,535 | 2,535 | - | - | - |
| Total Fund Equity | 21,146 | 14,226 | 7,137 | 7,553 | 7,375 | 9,396 | 5,214 | 966 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 1,224 | 2,566 | 1,919 | 1,548 | 2,723 | 2,968 | 2,790 | 2,834 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service
Funds

xxxx

xxxx

-----Estimated-----

The Statewide Fueling Network account requests a 60-day working capital reserve. The program must maintain a break-even approach in its operations, and have a large number of individual rates for the various products sold or services provided. Therefore, previous legislatures defined "rates and fees" for the program to mean a specific working capital reserve balance.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|--------------|---------------|------------------------------|--------------|
| 06563 | Payroll Fund | 6101 | Department of Administration | Personnel |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|-----------------|-----------------|-----------------|----------------|-----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | - | (45,940) | (73,552) | (87,490) | 6,712 | (40,922) | (63,009) | (73,532) |
| Increases | | | | | | | | |
| Fee Revenue | 555,684 | 565,397 | 595,182 | 977,136 | 308,746 | 308,746 | 358,604 | 367,908 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 245 | 338 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 555,684 | 565,397 | 595,182 | 977,381 | 309,084 | 308,746 | 358,604 | 367,908 |
| (Decreases) | | | | | | | | |
| Personal Services | 191,382 | 177,045 | 203,294 | 211,953 | 219,232 | 209,663 | 203,595 | 204,878 |
| Operations | 410,242 | 415,185 | 403,549 | 295,666 | 137,484 | 121,170 | 165,532 | 121,086 |
| Transfers Out | - | - | - | 375,560 | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | 779 | 1,218 | - | - | - | - | - |
| Total Decreases | 601,624 | 593,009 | 608,061 | 883,179 | 356,716 | 330,833 | 369,127 | 325,964 |
| Adjustments to Beginning Retained Earnings | - | - | (1,059) | - | (2) | - | - | - |
| Ending Retained Earnings | (45,940) | (73,552) | (87,490) | 6,712 | (40,922) | (63,009) | (73,532) | (31,588) |
| Total Contributed Capital | 107,484 | 107,484 | 103,315 | 103,315 | 103,315 | 103,315 | 103,315 | 103,315 |
| Total Fund Equity | 61,544 | 33,932 | 15,825 | 110,027 | 62,393 | 40,306 | 29,783 | 71,727 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 100,271 | 98,705 | 101,141 | 84,603 | 59,453 | 55,139 | 61,521 | 54,327 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service

Funds xxxx xxxx

-----Estimated-----

The goal is to maintain a 60-day working capital balance. A budget is established for the 2003 biennium, distributed as a fixed cost to state agencies based on a projected number of employees paid. The estimate of the number of employees each agency pays is determined from experience in FY 1999 and FY 2000.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|-----------------|---------------|------------------------------|--------------|
| 06564 | Warrant Writing | 6101 | Department of Administration | Personnel |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | - | 78,766 | 107,245 | 118,182 | 48,099 | 1,767 | 30,249 | 54,040 |
| Increases | | | | | | | | |
| Fee Revenue | 946,443 | 818,228 | 759,235 | 868,479 | 729,763 | 644,245 | 813,509 | 825,151 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | 12 | 345 | 350 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 946,443 | 818,228 | 759,247 | 868,824 | 730,113 | 671,442 | 831,766 | 845,138 |
| (Decreases) | | | | | | | | |
| Personal Services | 180,144 | 167,075 | 165,385 | 169,284 | 132,254 | 161,566 | 166,413 | 171,405 |
| Operations | 689,011 | 622,674 | 588,029 | 644,436 | 644,186 | 481,394 | 641,562 | 653,204 |
| Transfers Out | - | - | - | 125,187 | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 869,155 | 789,749 | 753,414 | 938,907 | 776,440 | 642,960 | 807,975 | 824,609 |
| Adjustments to Beginning Retained Earnings | 1,478 | - | 5,104 | - | (5) | - | - | - |
| Ending Retained Earnings | 78,766 | 107,245 | 118,182 | 48,099 | 1,767 | 30,249 | 54,040 | 74,569 |
| Total Contributed Capital | 34,881 | 35,756 | 20,779 | 20,779 | 20,779 | - | - | - |
| Total Fund Equity | 113,647 | 143,001 | 138,961 | 68,878 | 22,546 | 30,249 | 54,040 | 74,569 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 144,859 | 131,625 | 125,569 | 135,620 | 129,407 | 107,160 | 134,663 | 137,435 |

Fee/Rate Information for Legislative Action:

| | | | | | | Estimated | Authority |
|--|------|------|--|-----------|-----------|-----------|--------------------|
| Requested ALLOCATED rates for warrant writer | xxxx | xxxx | | \$677,203 | \$671,442 | \$831,766 | \$845,138 17-8-301 |
| Budget is distributed as a fixed cost to agencies based on FY 2000 actuals | | | | | | | |

Report on Internal Service & Enterprise Funds, 2001 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|----------------------------|---------------|------------------------------|--------------|
| 06571 | Procurement Card Purchases | 6101 | Department of Administration | Procurement |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------|------|------|------|-------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | - | - | - | - | - | 3,722 | 522 | 527 |
| Increases | | | | | | | | |
| Fee Revenue | - | - | - | - | 5,864 | 4,000 | 3,709 | 3,709 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | 1,581 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | - | - | - | - | 7,445 | 4,000 | 3,709 | 3,709 |
| (Decreases) | | | | | | | | |
| Personal Services | - | - | - | - | - | - | - | - |
| Operations | - | - | - | - | 3,723 | 7,200 | 3,704 | 3,704 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | - | - | - | - | 3,723 | 7,200 | 3,704 | 3,704 |
| Adjustments to Beginning Retained Earnings | - | - | - | - | - | - | - | - |
| Ending Retained Earnings | - | - | - | - | 3,722 | 522 | 527 | 532 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | - | - | - | - | 3,722 | 522 | 527 | 532 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | - | - | - | - | 621 | 1,200 | 617 | 617 |

Fee/Rate Information for Legislative Action:

-----Estimated-----

Requested Rates for Internal Service

Funds XXXX XXXX

The Procurement Card Purchases Account requests a 60-day working capital reserve. The program must maintain a break-even approach in its operations, and have a large number of individual rates for the various products sold or services provided. Therefore, previous legislatures defined "rates and fees" for the program to mean a specific working capital reserve balance.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|--------------------------|---------------|---------------------------|--------------|
| 06011 | Alfalfa Leaf Cutting Bee | 6201 | Department of Agriculture | Ag Sciences |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|--------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | (176,435) | (176,269) | (176,711) | (177,028) | (177,409) | 9,201 | 9,226 | 9,251 |
| Increases | | | | | | | | |
| Fee Revenue | 3,300 | 3,495 | 3,465 | 3,930 | 4,270 | 4,200 | 4,200 | 4,200 |
| Investment Earnings | 449 | 371 | 462 | 418 | 423 | 425 | 425 | 425 |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 5 | 3 | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 3,749 | 3,866 | 3,927 | 4,353 | 4,696 | 4,625 | 4,625 | 4,625 |
| (Decreases) | | | | | | | | |
| Personal Services | 1,500 | 1,756 | 3,032 | 3,197 | 2,998 | 2,700 | 3,200 | 3,200 |
| Operations | 2,083 | 2,305 | 1,158 | 1,511 | 930 | 1,900 | 1,400 | 1,400 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | 23 | 20 | 26 | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 3,583 | 4,084 | 4,210 | 4,734 | 3,928 | 4,600 | 4,600 | 4,600 |
| Adjustments to Beginning Retained Earnings | - | (224) | (34) | - | 185,842 | - | - | - |
| Ending Retained Earnings | (176,269) | (176,711) | (177,028) | (177,409) | 9,201 | 9,226 | 9,251 | 9,276 |
| Total Contributed Capital | 186,149 | 186,149 | 186,149 | 186,149 | - | - | - | - |
| Total Fund Equity | 9,880 | 9,438 | 9,121 | 8,740 | 9,201 | 9,226 | 9,251 | 9,276 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 597 | 681 | 702 | 789 | 655 | 767 | 767 | 767 |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|----------------|---------------|---------------------------|--------------|
| 06052 | Hail Insurance | 6201 | Department of Agriculture | |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 5,623,362 | 4,828,309 | 5,477,464 | 5,728,595 | 6,449,789 | 6,483,085 | 6,375,111 | 6,566,365 |
| Increases | | | | | | | | |
| Fee Revenue | - | - | 42 | 69 | 2,603,529 | 2,709,067 | 2,790,339 | 2,874,049 |
| Investment Earnings | 269,643 | 330,951 | 528,908 | 414,462 | 306,496 | 315,791 | 325,265 | 335,023 |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 2,182,345 | 2,370,823 | 1,758,191 | 2,367,188 | 4,434 | 144 | 148 | 153 |
| Miscellaneous, other | - | - | - | - | - | 4,318 | 4,448 | 4,581 |
| Total Increases | 2,451,988 | 2,701,774 | 2,287,141 | 2,781,719 | 2,914,459 | 3,029,320 | 3,120,200 | 3,213,806 |
| (Decreases) | | | | | | | | |
| Personal Services | 157,242 | 161,377 | 190,532 | 197,204 | 200,373 | 179,311 | 184,690 | 190,231 |
| Operations | 3,062,931 | 1,803,336 | 1,608,016 | 1,728,234 | 2,393,270 | 2,478,634 | 2,552,992 | 2,629,583 |
| Transfers Out | 28,061 | 42,326 | 42,370 | 37,852 | 28,226 | 27,013 | 27,824 | 28,658 |
| Miscellaneous, operating | - | 43,230 | 157,195 | 103,751 | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 3,248,234 | 2,050,269 | 1,998,113 | 2,067,041 | 2,619,869 | 2,684,958 | 2,765,506 | 2,848,472 |
| Adjustments to Beginning Retained Earnings | 1,193 | (2,350) | (37,897) | 6,516 | (261,294) | - | - | - |
| Ending Retained Earnings | 4,828,309 | 5,477,464 | 5,728,595 | 6,449,789 | 6,483,085 | 6,827,447 | 6,729,805 | 6,931,699 |
| Total Contributed Capital | 5,776 | 5,776 | 5,776 | - | - | - | - | - |
| Total Fund Equity | 4,834,085 | 5,483,240 | 5,734,371 | 6,449,789 | 6,483,085 | 6,827,447 | 6,729,805 | 6,931,699 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 536,696 | 334,657 | 325,957 | 338,198 | 432,274 | 442,991 | 456,280 | 469,969 |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|--------------|---------------|---------------------------|---------------------|
| 06033 | Prison Ranch | 6401 | Department of Corrections | MCE Ranch and Dairy |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 6,915,598 | 6,493,500 | 7,091,008 | 7,346,677 | 7,651,803 | 7,826,591 | 7,536,102 | 7,161,010 |
| Increases | | | | | | | | |
| Fee Revenue | 1,890,486 | 2,203,886 | 2,793,870 | 2,723,288 | 3,320,635 | 2,377,025 | 2,206,768 | 2,235,806 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 9,070 | 2,792 | 1,792 | 1,792 | - | - | - | - |
| Miscellaneous, other | - | 521,181 | - | - | - | - | - | - |
| Total Increases | 1,899,556 | 2,727,859 | 2,795,662 | 2,725,080 | 3,320,635 | 2,377,025 | 2,206,768 | 2,235,806 |
| (Decreases) | | | | | | | | |
| Personal Services | 694,038 | 827,187 | 919,833 | 951,490 | 855,189 | 898,032 | 839,991 | 842,923 |
| Operations | 1,239,430 | 1,303,164 | 1,345,958 | 1,370,815 | 2,289,860 | 1,519,482 | 1,491,869 | 1,491,103 |
| Transfers Out | - | - | - | 42,852 | 17,506 | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 388,186 | - | 201,489 | 38,147 | - | 250,000 | 250,000 | 250,000 |
| Total Decreases | 2,321,654 | 2,130,351 | 2,467,080 | 2,403,304 | 3,162,555 | 2,667,514 | 2,581,860 | 2,584,026 |
| Adjustments to Beginning Retained Earnings | - | - | (72,913) | (16,850) | 16,708 | - | - | - |
| Ending Retained Earnings | 6,493,500 | 7,091,008 | 7,346,677 | 7,651,803 | 7,826,591 | 7,536,102 | 7,161,010 | 6,812,790 |
| Total Contributed Capital | - | 20,955 | 20,955 | 20,955 | 20,955 | 20,955 | 20,955 | 20,955 |
| Total Fund Equity | 6,493,500 | 7,111,963 | 7,367,632 | 7,672,758 | 7,847,546 | 7,557,057 | 7,181,965 | 6,833,745 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 322,245 | 355,059 | 377,599 | 387,051 | 524,175 | 402,919 | 388,643 | 389,004 |

Agency Notes

Fee Revenue figures for FY-01, FY-02 and FY-03 are lower than the original revenue estimate due to fact that it is not anticipated that MCE will restart our logging and firewood operation in the next three fiscal years. MCE is currently looking at additional options for fee revenue.

Personal Services includes the original authority of \$648,032, in addition to the projected amount needed through budget amendments. The budget amendments, similar to those submitted in FY-00 would cover the cost of inmate payroll, supervisor overtime and two FTE for the Food Bank.

Operations includes the original authority of \$1,299,697, in addition to a projected amount of \$219,785, which will be requested in budget amendments for the maintenance of the Food Bank, payment to Powell County in lieu of taxes and miscellaneous expenses not covered by the original authority.

Miscellaneous other, for FY-01, FY-02 and FY-03 includes nonbudgeted amounts for depreciation, inventory change and amortization. This is estimated at \$250,000 per year.

Overall Cash account, revenue received and actual needs will help determine the actual expenditure level and the ultimate effect on fund balance.

MCE Ranch and Dairy revenue is derived from the sale of range cattle, dairy cattle, raw milk, finished milk products, miscellaneous crop sales, and other miscellaneous ranch and dairy sales.
53-30-132,133 MCA

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Numb | Agency Name | Program Name |
|--------------|---|-------------|---------------------------|-------------------|
| 06034 / 0654 | MSP Institutional Industries / Prison Industries Training | 6401 | Department of Corrections | Secure Facilities |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| Beginning Retained Earnings | 1,452,330 | 1,602,253 | 1,604,074 | 1,538,733 | 1,544,262 | 1,315,882 | 1,454,768 | 1,484,145 |
| Increases | | | | | | | | |
| Fee Revenue | 3,165,090 | 2,370,123 | 2,453,091 | 2,242,203 | 2,659,773 | 3,730,000 | 3,730,000 | 3,780,000 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 3,165,090 | 2,370,123 | 2,453,091 | 2,242,203 | 2,659,773 | 3,730,000 | 3,730,000 | 3,780,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 1,050,167 | 1,005,864 | 892,731 | 943,766 | 1,302,543 | 1,903,572 | 2,111,686 | 2,117,034 |
| Operations | 1,965,000 | 1,330,271 | 1,547,703 | 1,295,046 | 1,558,888 | 1,517,542 | 1,418,937 | 1,416,737 |
| Transfers Out | - | - | - | 10,317 | 26,800 | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | 32,167 | - | - | - | 170,000 | 170,000 | 170,000 |
| Total Decreases | 3,015,167 | 2,368,302 | 2,440,434 | 2,249,129 | 2,888,231 | 3,591,114 | 3,700,623 | 3,703,771 |
| Adjustments to Beginning Retained Earnings | - | - | (77,998) | 12,455 | 79 | - | - | - |
| Ending Retained Earnings | 1,602,253 | 1,604,074 | 1,538,733 | 1,544,262 | 1,315,882 | 1,454,768 | 1,484,145 | 1,560,374 |
| Total Contributed Capital | 255,192 | 255,192 | 255,192 | 255,192 | 255,192 | 255,192 | 255,192 | 255,192 |
| Total Fund Equity | 1,857,445 | 1,859,266 | 1,793,925 | 1,799,454 | 1,571,074 | 1,709,960 | 1,739,337 | 1,815,566 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 502,528 | 389,356 | 406,739 | 373,135 | 476,905 | 570,186 | 588,437 | 588,962 |

Agency Notes

Fee Revenue is increased in FY-01, FY-02 and FY-03 for Industries due to the addition of another certified program at the Montana State Prison facility. The certified programs located at the regional and private facilities will also be in operation for the full twelve months of each of the fiscal years. Fee revenue for Industries also includes a \$.02 rate increase for the laundry operation. The laundry has not had a rate increase since its inception in FY 1996. Since its inception, laundry personal services has increased by the 3% cost of living increase and longevities (all laundry employees have longevities) and in FY-01, there is a 42.74% increase to the natural gas rate, which will drastically affect the laundry. Fee Revenue for Vocational Education (06545) is increased due to the Food Bank Program.

Personal Services in FY-01 includes the original authority of \$674,170 for Industries (06034) and \$151,463 for Voc. Ed (06545), along with the addition of \$1,555,096 for Industries (06034) and \$22,343 for Voc Ed. (06545) which will be requested in budget amendments similar to those in FY-00. The budget amendments will cover supervisor overtime, regular inmate payroll, the additional supervisors salaries needed for the expanded industry programs in the regional and private facilities, as well as the inmate payroll for these operations.

Operations include the original authority of \$1,132,024 for Industries (06034) and \$259,061 for Voc Ed (06545), in addition to \$104,500 for Industries (06034) and \$21,957 for Voc Ed (06545) which will be requested in budget amendments. The budget amendments will be used to cover additional operating costs associated with the new operations located at the regional and private facilities.

Miscellaneous Other in FY-01, FY-02 and FY-03 includes nonbudgeted amounts for depreciation, inventory change and amortization. This is estimated at \$170,900 for the next three fiscal years.

Overall - Cash account, revenue received and actual needs will help determine the actual expenditure levels and the ultimate effect on fund balance.

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service

| | | |
|----------------------------------|------|---------------------|
| Funds | xxxx | xxxx |
| MCE Industries (06034) | | 53-30-132, 133, MCA |
| MCE Vocational Education (06545) | | 53-30-132, 133, MCA |

Industries (06034) has only established rates for the laundry operation. All other rates are based on competitive pricing in the private sector.

| | FY-96 to FY-01 | Proposed FY-03 & FY-03 |
|-----------------------------------|----------------|------------------------|
| Laundry Rate to DOC/MSP | \$0.37 | \$0.39 |
| Laundry Rate to MT Devel Center | \$0.44 | \$0.46 |
| Laundry Rate to MT State Hospital | \$0.36 | \$0.38 |

The breakeven costs for laundry for FY-96 through FY-99 is approximately \$.33. In FY-00 the breakeven costs increased to \$.34. The projected breakeven costs for FY-01 through FY-03 is approximately \$.35. Breakeven costs do not including delivery. The rate difference for MDC is delivery.

Vocational Education MVM Rates (06545) are based on the work order parts cost plus an hourly rate charge of \$23.50.

Important Note This rollout includes Industries (06034) and Vocational Education (06545), which involves two separate programs within MCE as well as two separate types of proprietary funds.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|------------------------------|---------------|------------------------|--------------------|
| 06012 | Health Facility Loan Program | 6501 | Department of Commerce | MT Health Facility |
| 06015 | Health Facility Authority | 6501 | Department of Commerce | MT Health Facility |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 972,721 | 1,148,282 | 1,359,939 | 1,589,732 | 1,773,612 | 1,940,194 | 2,121,662 | 2,247,367 |
| Increases | | | | | | | | |
| Fee Revenue | 228,810 | 293,337 | 316,417 | 291,168 | 282,493 | 316,350 | 258,000 | 258,000 |
| Investment Earnings | 40,027 | 111,383 | 119,196 | 115,541 | 136,017 | 120,310 | 173,000 | 173,000 |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 49,764 | - | - | - | 131 | - | - | - |
| Miscellaneous, other | - | - | - | 50 | - | - | - | - |
| Total Increases | 316,601 | 404,720 | 435,613 | 406,759 | 418,641 | 436,660 | 431,000 | 431,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 54,882 | 70,115 | 107,595 | 106,501 | 110,521 | 106,155 | 119,191 | 119,588 |
| Operations | 86,143 | 91,636 | 63,714 | 82,340 | 102,036 | 111,037 | 148,104 | 140,033 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | 32,103 | 28,234 | 34,821 | 39,502 | 38,000 | 38,000 | 38,000 |
| Miscellaneous, other | 15 | 1,209 | - | - | - | - | - | - |
| Total Decreases | 141,040 | 195,063 | 199,643 | 223,662 | 252,059 | 255,192 | 305,295 | 297,621 |
| Adjustments to Beginning Retained Earnings | - | 2,000 | (6,277) | 783 | - | - | - | - |
| Ending Retained Earnings | 1,148,282 | 1,359,939 | 1,589,732 | 1,773,612 | 1,940,194 | 2,121,662 | 2,247,367 | 2,380,746 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 1,148,282 | 1,359,939 | 1,589,732 | 1,773,612 | 1,940,194 | 2,121,662 | 2,247,367 | 2,380,746 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 23,504 | 32,309 | 33,257 | 37,277 | 42,010 | 42,532 | 50,883 | 49,604 |

Fee/Rate Information for Legislative Action:

| Loan Amount | Initial Fee (\$) | Annual Fee (Maximum \$6,000) |
|----------------------------|------------------|---------------------------------------|
| Up to \$1,000,000 | 500-5,000 | Up to .15% of outstanding loan amount |
| \$1,000,001 - \$5,000,000 | 2,500-15,000 | Up to .15% of outstanding loan amount |
| \$5,000,001 - \$50,000,000 | 10,000-40,000 | Up to .15% of outstanding loan amount |
| Greater than \$50,000,000 | 50,000 max. | Up to .15% of outstanding loan amount |

***Total Fund Equity Requirement = \$4,675,000**
Loan Loss Reserves, Direct Loan Reserves,
and Working Capital Reserve

Agency Charges (Provided as Information Only for both types of funds -- i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

| Fee/Charge | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|-----------------------|---------|---------|---------|---------|---------|-------------------|-------------------|-------------------|
| Fee Revenues* | 228,810 | 293,337 | 316,417 | 291,168 | 282,493 | 316,350 | 258,000 | 258,000 |
| Investment Earnings** | 40,027 | 111,383 | 119,196 | 115,541 | 136,017 | 120,310 | 173,000 | 173,000 |

* Fee Revenues: 90-7-202 & 90-7-211 MCA

** Investment Earnings Authority: 90-7-202 MCA

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|------------------------------|---------------|------------------------|--------------------|
| 06014 | Industrial Revenue Bond I-95 | 6501 | Department of Commerce | Bd. of Investments |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 1,866,569 | 2,133,539 | 2,543,398 | 3,036,705 | 3,851,692 | 4,478,060 | 5,355,518 | 6,232,976 |
| Increases | | | | | | | | |
| Fee Revenue | 61,699 | 70,334 | 7,070 | 10,477 | 10,812 | 10,000 | 10,000 | 10,000 |
| Investment Earnings | 845,951 | 630,059 | 673,732 | 596,617 | 459,239 | 650,000 | 650,000 | 650,000 |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 2,416,080 | 2,364,028 | 2,915,352 | 3,320,151 | 3,758,048 | 3,750,000 | 3,750,000 | 3,750,000 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 3,323,730 | 3,064,421 | 3,596,154 | 3,927,245 | 4,228,099 | 4,410,000 | 4,410,000 | 4,410,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 133,247 | 117,370 | 124,213 | 133,606 | 148,018 | 150,000 | 150,000 | 154,000 |
| Operations | 65,332 | 59,028 | 81,646 | 94,397 | 289,266 | 287,284 | 287,284 | 287,284 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 2,860,758 | 2,477,913 | 2,953,273 | 2,883,576 | 3,095,258 | 3,095,258 | 3,095,258 | 3,095,258 |
| Miscellaneous, other | 281 | 251 | - | - | - | - | - | - |
| Total Decreases | 3,059,618 | 2,654,562 | 3,159,132 | 3,111,579 | 3,532,543 | 3,532,542 | 3,532,542 | 3,536,542 |
| Adjustments to Beginning Retained Earnings | 2,858 | - | 56,285 | (679) | (69,188) | - | - | - |
| Ending Retained Earnings | 2,133,539 | 2,543,398 | 3,036,705 | 3,851,692 | 4,478,060 | 5,355,518 | 6,232,976 | 7,106,434 |
| Total Contributed Capital | 23,478 | 23,478 | 23,478 | 23,478 | 23,478 | 23,478 | 23,478 | 23,478 |
| Total Fund Equity | 2,157,017 | 2,566,876 | 3,060,183 | 3,875,170 | 4,501,538 | 5,378,996 | 6,256,454 | 7,129,912 |
| Unreserved Fund Balance | 2,133,539 | 2,543,398 | 3,036,705 | 3,851,692 | 4,451,577 | 5,329,035 | 6,206,493 | 7,079,951 |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 509,890 | 442,385 | 526,522 | 518,597 | 588,757 | 588,757 | 588,757 | 589,424 |

Agency Charges (Provided as Information Only for both types of funds -- i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

Nearly all budgeted program revenue is generated by a spread between the interest rates on bonds sold and the interest charged on loans made eligible governments. These revenues are received from the trustee annually. Consequently, a 270 day fund balance is required to fund the program between draws. Remaining revenues are received periodically, typically monthly, throughout the year. The requested fee is for budgeted operational costs and does not include monies to fund debt service.

Authority

17-5-1504(16)
17-5-1611(5)(6)
17-5-1621(6)
MCA

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|--------------------|---------------|------------------------|------------------|
| 06030 | Financial Programs | 6501 | Department of Commerce | Board of Housing |
| 06031 | Housing Trust Fund | 6501 | Department of Commerce | Board of Housing |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 Estimated | FY01 | Estimated FY02 Estimated | FY03 |
|--|-------------------|-------------------|-------------------|-------------------|--------------------|--------------------|-----------------------------|--------------------|
| Beginning Retained Earnings | 79,913,301 | 84,590,866 | 89,111,812 | 96,980,862 | 99,646,416 | 104,489,533 | 110,489,533 | 116,089,533 |
| Increases | | | | | | | | |
| Fee Revenue | 41,570 | 166,170 | 80,118 | 106,155 | 244,733 | 200,000 | 200,000 | 200,000 |
| Investment Earnings | 11,161,490 | 10,229,124 | 9,912,370 | 11,033,021 | 10,885,713 | 11,500,000 | 11,500,000 | 11,500,000 |
| GASB 31 Gain/Loss | - | - | 2,856,485 | (2,509,599) | (1,167,740) | - | - | - |
| Transfers In | - | 70,000 | 150,000 | - | - | - | - | - |
| Miscellaneous, operating | 28,301,787 | 29,520,689 | 31,921,186 | 32,216,071 | 34,902,870 | 37,000,000 | 39,000,000 | 41,000,000 |
| Miscellaneous, other | - | 9,636 | 11,836 | 11,886 | 24,929 | - | - | - |
| Total Increases | 39,504,847 | 39,995,619 | 44,931,995 | 40,858,534 | 44,870,505 | 48,700,000 | 50,700,000 | 52,700,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 407,928 | 440,929 | 474,100 | 440,929 | 568,579 | 600,000 | 600,000 | 600,000 |
| Operations | 2,039,285 | 2,142,988 | 2,304,271 | 2,575,987 | 2,876,839 | 3,100,000 | 3,500,000 | 3,900,000 |
| Transfers Out | - | 70,000 | 150,000 | - | - | - | - | - |
| Miscellaneous, operating | 32,380,069 | 32,820,756 | 34,104,462 | 35,176,064 | 36,581,970 | 39,000,000 | 41,000,000 | 43,000,000 |
| Miscellaneous, other | - | - | 38,828 | - | - | - | - | - |
| Total Decreases | 34,827,282 | 35,474,673 | 37,071,661 | 38,192,980 | 40,027,388 | 42,700,000 | 45,100,000 | 47,500,000 |
| Adjustments to Beginning Retained Earnings | - | - | 8,716 | - | - | - | - | - |
| Ending Retained Earnings | 84,590,866 | 89,111,812 | 96,980,862 | 99,646,416 | 104,489,533 | 110,489,533 | 116,089,533 | 121,289,533 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 84,590,866 | 89,111,812 | 96,980,862 | 99,646,416 | 104,489,533 | 110,489,533 | 116,089,533 | 121,289,533 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 5,804,547 | 5,900,779 | 6,147,139 | 6,365,497 | 6,671,231 | 7,116,667 | 7,516,667 | 7,916,667 |

Agency Charges (Provided as Information Only for both types of funds – i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

| FEE/CHARGE DESCRIPTION | FY00 FEE/CHARGE | FY01 FEE/CHRG | FY02 FEE/CHRG | FY03 FEE/CHRG | AUTHORITY |
|---|---|------------------|------------------|------------------|--|
| Reservation fees-Single Family Program | 1/2 of 1% of the loan amount reserved | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 |
| Reservation fees-Low Income Tax Credit Program (LITC) | 4 1/2% of the tax credit amount reserved | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 |
| Compliance monitoring fee-Low Income Tax Credit Program | \$5 per unit | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 |
| Extension Fee | 1/4 of 1% of the loan amount | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 |
| Late Fee | 1/2 of 1% of the loan amount | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 |
| Pre 1980 Single Family Programs | 1 1/2% spread between mortgage interest rate and bond yield. No limit on investment earnings | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 & IRC Section 143(g)(2) |
| Post Single Family Programs | 1 1/8% spread between mortgage interest rate and bond yield. Investment earnings limited to the | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 & IRC Section 143(g)(2) |
| Post 1986 Multifamily Program | 1 1/2% spread between the mortgage interest rate and the bond yield. Investment earnings | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 & IRC regs 1.148-2(d)(2)(iii) |
| Pre 1986 Multifamily Program | 1 1/2% spread between the mortgage interest rate and the bond yield. No limit on investment | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 & IRC Section 143(f)(2) |
| Multifamily Reservation Fee | up to 1% of the loan amount reserved | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 |
| Interest income on reverse annuity mortgage loans (RAM) | 5% (new) 7% (old) loans | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-503 and 104 |
| Interest income on Cash Assistance loans(CAP) | variable rates ranging from 5% to 7% | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 |
| Interest on investments | STIP investment rate | Same fee as 2000 | Same fee as 2000 | Same fee as 2000 | MCA 90-6-104 |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|---------------------|---------------|------------------------|--------------|
| 06042 | Single Audit Review | 6501 | Department of Commerce | Audit Review |
| 06043 | Government Audit | 6501 | Department of Commerce | Defalcation |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Beginning Retained Earnings | 136,369 | 202,841 | 241,635 | 205,765 | 230,806 | 231,838 | 210,234 | 167,913 |
| Increases | | | | | | | | |
| Fee Revenue | 253,950 | 257,575 | 234,799 | 248,300 | 247,500 | 245,000 | 245,000 | 245,000 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | 36 | - | - | - |
| Miscellaneous, other | - | - | - | - | 402 | 65,000 | 65,000 | 65,000 |
| Total Increases | 253,950 | 257,575 | 234,799 | 248,300 | 247,938 | 310,000 | 310,000 | 310,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 98,948 | 149,950 | 154,545 | 161,337 | 161,021 | 170,294 | 173,505 | 174,397 |
| Operations | 88,603 | 66,336 | 72,715 | 60,349 | 85,885 | 161,310 | 178,816 | 176,228 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 2,579 | 2,495 | 3,230 | - | - | - | - | - |
| Total Decreases | 190,130 | 218,781 | 230,490 | 221,686 | 246,906 | 331,604 | 362,321 | 360,625 |
| Adjustments to Beginning Retained Earnings | 2,652 | - | (40,179) | 427 | - | - | - | - |
| Ending Retained Earnings | 202,841 | 241,635 | 205,765 | 230,806 | 231,838 | 210,234 | 167,913 | 127,288 |
| Total Contributed Capital | 105,626 | 105,626 | 105,626 | 105,626 | 105,626 | 105,626 | 105,626 | 105,626 |
| Total Fund Equity | 308,467 | 347,261 | 311,391 | 336,432 | 337,464 | 315,860 | 273,539 | 232,914 |
| Unreserved Fund Balance | | | | | | | | |

60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6)

31,259 36,048 37,877 36,948 41,151 55,267 58,720 58,438

Agency Charges (Provided as Information Only for both types of funds – i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

| Major Fee: | Local | Variable fee, as follows: | Variable fee, as follows: | Variable fee, as follows: | Variable fee, as follows: | Variable fee, as follows: | Variable fee, as follows: | Variable fee, as follows: | Variable fee, as follows: | 2-7-514, MCA & ARM 8.94.4102 |
|--|----------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|------------------------------|
| Government Report Filing Fee: | | | | | | | | | | |
| Annual revenues less than \$200,000 and federal financial assistance is less than or equal to \$25,000 | | \$0 | \$0 | N/A | N/A | N/A | N/A | N/A | N/A | |
| Annual revenues less than \$200,000 and federal financial assistance is greater than \$25,000 | | \$225 | \$225 | N/A | N/A | N/A | N/A | N/A | N/A | |
| Annual revenues less than \$200,000 | | N/A | N/A | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | |
| Annual revenues equal to or greater than \$200,000, but less than \$500,000 | | \$225 | \$225 | \$175 | \$175 | \$175 | \$175 | \$175 | \$175 | |
| Annual revenues equal to or greater than \$500,000, but less than \$1,000,000 | | \$425 | \$425 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | |
| Annual revenues equal to or greater than \$1,000,000, but less than \$1,500,000 | | \$575 | \$575 | \$525 | \$525 | \$525 | \$525 | \$525 | \$525 | |
| Annual revenues equal to or greater than \$1,500,000, but less than \$2,500,000 | | \$650 | \$650 | \$600 | \$600 | \$600 | \$600 | \$600 | \$600 | |
| Annual revenues equal to or greater than \$2,500,000, but less than \$5,000,000 | | \$725 | \$725 | \$675 | \$675 | \$675 | \$675 | \$675 | \$675 | |
| Annual revenues equal to or greater than \$5,000,000, but less than \$10,000,000 | | \$775 | \$775 | \$725 | \$725 | \$725 | \$725 | \$725 | \$725 | |
| Annual revenues are equal to or greater than \$10,000,000 | | \$825 | \$825 | \$775 | \$775 | \$775 | \$775 | \$775 | \$775 | |
| Minor Fee: | Auditor Roster | | | | | | | | | 2-7-506, MCA & ARM 8.94.4106 |
| Fee: | Annual Fee: | Annual Fee: | Annual Fee: | Annual Fee: | Annual Fee: | Annual Fee: | Annual Fee: | Annual Fee: | Annual Fee: | |
| Annual Fee | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | \$50 | |
| Defalcation Audit Revenues | \$65,000 | \$65,000 | \$65,000 | \$65,000 | \$65,000 | \$65,000 | \$65,000 | \$65,000 | \$65,000 | 2-7-503, MCA |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|---------------------|---------------|------------------------|--------------------|
| 06527 | Investment Division | 6501 | Department of Commerce | Bd. of Investments |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 250,969 | 184,796 | 163,241 | 206,953 | 202,788 | 162,018 | 139,645 | 283,558 |
| Increases | | | | | | | | |
| Fee Revenue | 1,544,901 | 1,651,778 | 1,876,066 | 1,894,203 | 2,191,032 | 2,077,427 | 2,765,000 | 2,710,000 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | 1,635 | 200 | 200 | 200 |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 1,544,901 | 1,651,778 | 1,876,066 | 1,894,203 | 2,192,667 | 2,077,627 | 2,765,200 | 2,710,200 |
| (Decreases) | | | | | | | | |
| Personal Services (+ Pay Plan) | 1,166,066 | 1,206,076 | 1,234,043 | 1,355,712 | 1,472,193 | 1,475,000 | 1,778,505 | 1,785,677 |
| Operations | 442,674 | 462,929 | 491,159 | 536,603 | 750,879 | 625,000 | 842,782 | 755,972 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 105 | 138 | - | 6,167 | - | - | - | - |
| Total Decreases | 1,608,845 | 1,669,143 | 1,725,202 | 1,898,482 | 2,223,072 | 2,100,000 | 2,621,287 | 2,541,649 |
| Adjustments to Beginning Retained Earnings | (2,229) | (4,190) | (107,152) | 114 | (10,366) | - | - | - |
| Ending Retained Earnings | 184,796 | 163,241 | 206,953 | 202,788 | 162,018 | 139,645 | 283,558 | 452,109 |
| Total Contributed Capital | 11,060 | 20,073 | 18,298 | 18,298 | 18,298 | 18,298 | 18,298 | 18,298 |
| Total Fund Equity | 195,856 | 183,314 | 225,251 | 221,086 | 180,316 | 157,943 | 301,856 | 470,407 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 268,123 | 278,168 | 287,534 | 315,386 | 370,512 | 350,000 | 436,881 | 423,608 |

Fee/Rate Information for Legislative Action:

| | | | | | | | | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|---------------------|--------------------|
| | | | | | | | | -----Estimated----- | Authority |
| Requested Rates for Internal Service Funds | | | | | | | | | |
| | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 | |
| BOI Admin Charge | \$ 1,544,901 | \$ 1,651,778 | \$ 1,876,066 | \$ 1,894,203 | \$ 2,192,667 | \$ 2,077,627 | \$ 2,765,200 | \$ 2,710,200 | |
| | | | | | | | | | 17-6-201(7) MCA |
| Agency Charges (Provided as Information Only for both types of funds – i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge. | | | | | | | | | |
| The revenue objective of the Board of Investments is to assess the costs of operations to each portfolio the board invests while attempting to maintain a reasonable and prudent 60-day working capital reserve. | | | | | | | | | |

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|-------------------------|---------------|------------------------|----------------|
| 06536 | LGA Administrator I-G S | 6501 | Department of Commerce | Administrative |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------|----------|----------|----------|----------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | (32,331) | (31,304) | (35,697) | (33,213) | (36,647) | (41,545) | (37,106) | (35,279) |
| Increases | | | | | | | | |
| Fee Revenue | 118,625 | 124,041 | 128,897 | 132,625 | 142,133 | 150,924 | 166,017 | 165,287 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 118,625 | 124,041 | 128,897 | 132,625 | 142,133 | 150,924 | 166,017 | 165,287 |
| (Decreases) | | | | | | | | |
| Personal Services | 106,320 | 115,448 | 112,014 | 118,895 | 130,513 | 127,011 | 141,380 | 143,197 |
| Operations | 11,278 | 12,986 | 14,399 | 17,178 | 16,257 | 19,474 | 22,810 | 21,700 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 117,598 | 128,434 | 126,413 | 136,073 | 146,770 | 146,485 | 164,190 | 164,897 |
| Adjustments to Beginning Retained Earnings | - | - | - | 14 | (261) | - | - | - |
| Ending Retained Earnings | (31,304) | (35,697) | (33,213) | (36,647) | (41,545) | (37,106) | (35,279) | (34,889) |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | (31,304) | (35,697) | (33,213) | (36,647) | (41,545) | (37,106) | (35,279) | (34,889) |
| Unreserved Fund Balance | (31,304) | (35,697) | (33,213) | (36,676) | (41,023) | (36,584) | (34,757) | (34,367) |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 19,600 | 21,406 | 21,069 | 22,679 | 24,462 | 24,414 | 27,365 | 27,483 |

Fee/Rate Information for Legislative Action:

Requested Rates for Internal Service

| Funds | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 |
|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| | 1.41% | 1.57% | 1.77% | 1.78% | 1.33% | 1.33% | 1.38% | 1.38% |

Agency Charges (Provided as Information Only for both types of funds – i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

Allocation Methodology:

Costs of this administrative unit are allocated to supervised programs based upon estimates of the amount of time dedicated to each program. The revenue objective of fund 06536 is to maintain the lowest possible fund balance and recharge cost to supervised bureaus and programs. The negative fund balance associated with this fund is because budgeted amounts (appropriations or subclasses) do not recognize non-budgeted liabilities such as compensated absences.

Authority:

The LGA Administration program operates under multiple state and federal enabling statutes.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|------------------|---------------|------------------------|------------------|
| 06542 | Central Services | 6501 | Department of Commerce | Central Services |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|----------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 238,358 | 181,129 | 89,993 | 37,892 | 120,823 | 215,793 | 242,946 | 246,409 |
| Increases | | | | | | | | |
| Fee Revenue | 824,520 | 890,208 | 1,061,406 | 1,191,612 | 1,293,827 | 1,325,000 | 1,457,300 | 1,458,000 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | 399 | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 824,520 | 890,208 | 1,061,805 | 1,191,612 | 1,293,827 | 1,325,000 | 1,457,300 | 1,458,000 |
| (Decreases) | | | | | | | | |
| Personal Services | 730,564 | 835,842 | 871,006 | 902,345 | 1,043,009 | 1,112,847 | 1,158,217 | 1,162,439 |
| Operations | 152,341 | 145,502 | 192,404 | 175,599 | 155,848 | 185,000 | 295,620 | 276,433 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | 31,302 | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 882,905 | 981,344 | 1,063,410 | 1,109,246 | 1,198,857 | 1,297,847 | 1,453,837 | 1,438,872 |
| Adjustments to Beginning Retained Earnings | 1,156 | - | (50,496) | 565 | - | - | - | - |
| Ending Retained Earnings | 181,129 | 89,993 | 37,892 | 120,823 | 215,793 | 242,946 | 246,409 | 265,537 |
| Total Contributed Capital | 22,267 | 22,267 | 13,587 | 13,587 | 21,188 | 21,188 | 21,188 | 21,188 |
| Total Fund Equity | 203,396 | 112,260 | 51,479 | 134,410 | 236,981 | 264,134 | 267,597 | 286,725 |
| Unreserved Fund Balance | 181,129 | 89,993 | 37,892 | 120,823 | 215,793 | 242,946 | 246,409 | 265,537 |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 147,151 | 163,557 | 177,235 | 184,874 | 199,809 | 216,308 | 242,306 | 239,812 |

Fee/Rate Information for Legislative Action:

| Requested Rates for Internal Service Funds | -----Estimated----- | | | | | | | | Authority |
|--|---------------------|-------|-------|-------|-------|-------|--------|--------|-----------|
| | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 | |
| Federal Programs | 8.20% | 8.20% | 9.68% | 9.63% | 9.85% | 9.85% | 10.25% | 10.25% | See below |
| State Programs | 7.75% | 8.20% | 9.68% | 9.63% | 9.85% | 9.85% | 10.25% | 10.25% | See below |

Agency Charges (Provided as Information Only for both types of funds – i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

Allocation Methodology: Indirect costs for the Director's Office/Management Services Division are allocated to supported programs via a federally approved indirect cost rate for federally funded programs, and a legislatively approved rate for state funded programs. Indirect cost rates are charged to supported programs based upon actual personal services expenditures.

Authority: Federally negotiated indirect cost plan for federally funded programs, and legislatively approved rate for state funded programs. FY 2002 and FY 2003 federal rate is an estimated negotiated rate.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|----------------|---------------|------------------------|--------------|
| 06552 | POL Admin Svcs | 6501 | Department of Commerce | POL Admin |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 247,194 | 141,267 | 63,217 | 47,699 | (93,857) | (1,302) | 139,152 | 212,525 |
| Increases | | | | | | | | |
| Fee Revenue | 1,193,482 | 1,192,533 | 1,414,762 | 1,408,537 | 1,776,840 | 1,800,000 | 2,000,000 | 2,000,000 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 348 | 220 | - | - | 728 | 500 | 728 | 728 |
| Total Increases | 1,193,830 | 1,192,753 | 1,414,762 | 1,408,537 | 1,777,568 | 1,800,500 | 2,000,728 | 2,000,728 |
| (Decreases) | | | | | | | | |
| Personal Services | 899,221 | 1,025,675 | 1,026,018 | 1,105,645 | 1,274,718 | 1,217,813 | 1,326,323 | 1,333,177 |
| Operations | 309,702 | 292,457 | 355,869 | 357,469 | 460,952 | 442,233 | 601,032 | 554,764 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 81,724 | - | - | - | - | - | - | - |
| Miscellaneous, other | 9,110 | (47,329) | - | 61,523 | - | - | - | - |
| Total Decreases | 1,299,757 | 1,270,803 | 1,381,887 | 1,524,637 | 1,735,669 | 1,660,046 | 1,927,355 | 1,887,941 |
| Adjustments to Beginning Retained Earnings | - | - | (48,393) | (25,456) | 50,657 | - | - | - |
| Ending Retained Earnings | 141,267 | 63,217 | 47,699 | (93,857) | (1,302) | 139,152 | 212,525 | 325,312 |
| Total Contributed Capital | 736 | 736 | - | - | - | - | - | - |
| Total Fund Equity | 142,003 | 63,953 | 47,699 | (93,857) | (1,302) | 139,152 | 212,525 | 325,312 |
| Unreserved Fund Balance | 141,267 | 63,217 | 47,699 | (68,401) | (1,302) | 139,152 | 212,525 | 325,312 |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 215,108 | 219,689 | 230,315 | 243,852 | 289,278 | 276,674 | 321,226 | 314,657 |

Fee/Rate Information for Legislative Action--

| | | | | | | | | |
|--------------------------------------|--------|--------|--------|--------|--------|--------|--------|-----------------------|
| | | | | | | | | ----- Estimated ----- |
| Requested Rates for Internal Service | | | | | | | | |
| Funds | FY96 | FY97 | FY98 | FY99 | FY00 | FY01 | FY02 | FY03 |
| | 32.03% | 31.94% | 33.68% | 33.38% | 35.61% | 35.68% | 38.00% | 38.00% |

The revenue objective of the POL Administrative Services Pool of the POL Division of the Department of Commerce is to maintain the lowest possible recharges to supported licensing boards and occupational programs while attempting to maintain a reasonable and prudent 60 day working capital reserve.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|---------------|---|---------------|----------------------------------|----------------------|
| 06040 / 06041 | Subsequent Injury Trust Fund and Administration | 6602 | Department of Labor and Industry | Employment Relations |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 3,301,902 | 3,914,998 | 3,927,861 | 1,003,827 | (128,160) | (287,262) | (228,162) | (228,162) |
| Increases | | | | | | | | |
| Fee Revenue | 649,722 | 603,148 | 36,599 | 145,581 | 640 | 158,468 | 99,368 | 99,368 |
| Investment Earnings | 314,445 | 475,815 | 178,021 | 79,731 | 74,204 | 74,204 | 74,204 | 74,204 |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | 5,000 | 6,000 | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 964,167 | 1,083,963 | 220,620 | 225,312 | 74,844 | 232,672 | 173,572 | 173,572 |
| (Decreases) | | | | | | | | |
| Personal Services | 14,431 | 12,955 | 17,173 | 16,144 | - | - | - | - |
| Operations | 336,640 | 408,521 | 108,000 | 1,327,594 | 232,672 | 173,572 | 173,572 | 173,572 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | 149,624 | 33,654 | 13,561 | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 351,071 | 571,100 | 158,827 | 1,357,299 | 232,672 | 173,572 | 173,572 | 173,572 |
| Adjustments to Beginning Retained Earnings | - | (500,000) | (2,985,827) | - | (1,274) | - | - | - |
| Ending Retained Earnings | 3,914,998 | 3,927,861 | 1,003,827 | (128,160) | (287,262) | (228,162) | (228,162) | (228,162) |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 3,914,998 | 3,927,861 | 1,003,827 | (128,160) | (287,262) | (228,162) | (228,162) | (228,162) |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 58,512 | 95,183 | 26,471 | 226,217 | 38,779 | 28,929 | 28,929 | 28,929 |

Agency Charges (Provided as Information Only for both types of funds -- i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

The SIF is authorized to assess insurers benefits paid losses reimbursed from the fund in the preceding calendar year and the expenses of administration less other income (39-71-915, MCA).

In FY 1998, the SIF ceased operating on a reserve basis and began to pay benefits on a "pay-as-you-go" basis. Subsequently, the retained earnings of the fund were distributed back to the insurance companies that had contributed to the fund. This was a one-time transfer to reduce the retained earnings balance to an operating level adequate to temporarily pay claims that are reimbursed by the insurance companies. (See SB 375, L. 1997, for further explanation)

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|-------------|-----------------------------------|---------------|--------------------------------|--------------|
| 06051 | Montana Career Information System | 6602 | Department of Labor & Industry | Job Service |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|----------------|----------------|----------------|----------------|----------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 16,550 | 37,308 | 35,387 | (12) | 6,377 | 26,353 | 26,353 | 26,353 |
| Increases | | | | | | | | |
| Fee Revenue | 134,691 | 111,213 | 130,810 | 132,764 | 135,686 | 180,501 | 143,717 | 144,570 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 6,787 | 21,160 | 22 | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Increases | 141,478 | 132,373 | 130,832 | 132,764 | 135,686 | 180,501 | 143,717 | 144,570 |
| (Decreases) | | | | | | | | |
| Personal Services | 63,084 | 65,262 | 63,144 | 72,105 | 49,671 | 64,404 | 80,720 | 81,683 |
| Operations | 57,636 | 69,032 | 92,027 | 50,520 | 66,048 | 116,097 | 62,997 | 62,887 |
| Transfers Out | - | - | 769 | 3,750 | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | - | - | - | - | - | - | - | - |
| Total Decreases | 120,720 | 134,294 | 155,940 | 126,375 | 115,719 | 180,501 | 143,717 | 144,570 |
| Adjustments to Beginning Retained Earnings | - | - | (10,291) | - | 9 | - | - | - |
| Ending Retained Earnings | 37,308 | 35,387 | (12) | 6,377 | 26,353 | 26,353 | 26,353 | 26,353 |
| Total Contributed Capital | - | - | - | - | - | - | - | - |
| Total Fund Equity | 37,308 | 35,387 | (12) | 6,377 | 26,353 | 26,353 | 26,353 | 26,353 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 20,120 | 22,382 | 25,862 | 20,438 | 19,287 | 30,084 | 23,953 | 24,095 |

Agency Charges (Provided as Information Only for both types of funds – i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

The Montana Career Information System (MCIS) is funded by user fees for software and licensing. High schools with enrollments over 200, all postsecondary schools, and all agencies and businesses are charged \$1150 per year. Smaller high schools are charged \$575-977 depending on enrollment, and school districts are charged \$2000 per year. Software for Macintosh computers is an additional \$200, and additional licensing for a middle school, if the high school has MCIS, is \$200 per year.

The inconsistency that appears in the total expenditures in this fund are due to a bi-annual conference hosted by MCIS. The conference was held in FY 1997 and FY 1999. It will be held in FY 2001 and annually after that. The conference is related to the MCIS program, but expenditures and revenues might not be recorded in this enterprise fund in the future. Another event that skewed the expenditures in FY 1998 was the move of Research and Analysis Bureau from the Steamboat Block to the Old Board of Health Building. The combination of moving expenses and the replacement of some furniture during the move forced total expenditures up for FY 1998.

Report on Internal Service & Enterprise Funds, 2003 Biennium

| Fund Number | Fund Name | Agency Number | Agency Name | Program Name |
|----------------------------------|--|---------------|--------------------------------|--------------|
| 06546 / 06547 / 06562 / 06551 | Commissioner's Office / CSD / Dir Charge / Rent / Spec Proj | 6602 | Department of Labor & Industry | CSD |

Fund Balance Information

| | FY96 | FY97 | FY98 | FY99 | FY00 | Estimated FY01 | Estimated FY02 | Estimated FY03 |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------|
| Beginning Retained Earnings | 441,681 | 406,194 | 448,158 | 343,935 | 347,425 | 423,178 | 423,178 | 423,178 |
| Increases | | | | | | | | |
| Fee Revenue | 560,719 | 727,189 | 756,952 | 825,794 | 930,318 | 1,804,449 | 1,880,742 | 1,890,570 |
| Investment Earnings | - | - | - | - | - | - | - | - |
| Transfers In | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | 37,547 | 35,679 | 14,805 | 9,424 | 918,705 | - | - | - |
| Miscellaneous, other | 950,002 | 977,115 | 856,803 | 859,868 | 316 | - | - | - |
| Total Increases | 1,548,268 | 1,739,983 | 1,628,560 | 1,695,086 | 1,849,339 | 1,804,449 | 1,880,742 | 1,890,570 |
| (Decreases) | | | | | | | | |
| Personal Services | 1,249,572 | 1,333,326 | 1,215,055 | 1,303,700 | 1,181,440 | 1,361,038 | 1,373,211 | 1,379,432 |
| Operations | 351,865 | 369,503 | 419,036 | 389,111 | 504,350 | 443,411 | 507,531 | 511,138 |
| Transfers Out | - | - | - | - | - | - | - | - |
| Miscellaneous, operating | - | - | - | - | - | - | - | - |
| Miscellaneous, other | 1,409 | - | 687 | - | - | - | - | - |
| Total Decreases | 1,602,846 | 1,702,829 | 1,634,778 | 1,692,811 | 1,685,790 | 1,804,449 | 1,880,742 | 1,890,570 |
| Adjustments to Beginning Retained Earnings | 19,091 | 4,810 | (98,005) | 1,215 | (87,795) | - | - | - |
| Ending Retained Earnings | 406,194 | 448,158 | 343,935 | 347,425 | 423,178 | 423,178 | 423,178 | 423,178 |
| Total Contributed Capital | 24,357 | 33,295 | 10,947 | 10,947 | 10,947 | 10,947 | 10,947 | 10,947 |
| Total Fund Equity | 430,551 | 481,453 | 354,882 | 358,372 | 434,125 | 434,125 | 434,125 | 434,125 |
| Unreserved Fund Balance | | | | | | | | |
| 60 Days of Expenses (i.e. total of personnel services, operations, and miscellaneous operating divided by 6) | 266,906 | 283,805 | 272,349 | 282,135 | 280,965 | 300,742 | 313,457 | 315,095 |

Fee/Rate Information for Legislative Action:

| | Estimated | | | | | | | |
|--|-----------|-------|-------|-------|-------|-------|-------|--------|
| Requested Rates for Internal Service Funds | 6.75% | 7.64% | 7.73% | 8.65% | 9.60% | 9.56% | 9.44% | 10.14% |

Agency Charges (Provided as Information Only for both types of funds – i.e. the Internal Service Funds [primary service to agencies within state government] and to Enterprise funds [primary service to outside state government]). If applicable, provide authority for the charge.

- Cost allocation plan (CAP) charges are for the centralized functions such as CSD administration, accounting, budgeting, technical services, personnel and training, legal services, and commissioner's office.

The CAP rate is determined by dividing projected personal service expenditures on FTE not supported by CAP revenue by the projected revenue needed to perform centralized services required for the agency.

- Direct charges are for services that are easily identifiable and charged directly to the beneficiary of the service. Direct charges are estimated during the budget submission process, and actual costs incurred are charges to the appropriate division/bureau.

One of the two direct charge items is the charge by Technical Services Bureau to capture and print data from the mainframe for Unemployment Insurance Division and Job Service Division. Costs are estimated during budget submission and based upon prior years' actual costs.

The other direct charge is charged by Legal Services Bureau to Job Service Division for services that are specific and agreed to in advance.




Unified Prevention Budget

Submitted by the Interagency Coordinating Council for State Prevention Programs

Purpose – MCA 2-15-225,



“prepare and present to the legislature and to the appropriate standing and interim legislative committees a unified budget for state prevention programs, which must be published in the governor's executive budget”

The Unified Budget is a compilation of multi-agency prevention programs that assist Montana to achieve five prevention goals; it is not a functional budget. All budget items reflected in the Unified Budget are also listed within their specific agency budgets. The Unified Budget illustrates the allocation of resources for prevention activities within each of the five youth-based goals that guide the work of the Interagency Coordinating Council on State Prevention Programs (ICC).


| Goal | Benchmark | Comprehensive Approach | Programs | Base Budget (FY00) | 2003 Biennium (FY02 -FY03) Budget Proposal |
|---|--|---|---|--------------------|--|
| Goal 1: Reduce child abuse and neglect by promoting child safety and healthy family functioning.  | Benchmark A By 2005, reduce the number of substantiated cases of child abuse and neglect by 5%. Baseline Year: FY 1999 – 1,160 cases Data source: Child and Adult Protective Services (CAPS) Benchmark B By 2005, reduce the maltreatment fatalities of children, aged 17 and under, to zero. Baseline Year: 1998 – 1 Data Source: Vital Statistics, ICD9 codes (Y06 - neglect and abandonment, and Y07 - other maltreatment.) Plan to transition to Fetal Infant Child Mortality Review data. | Six programs address the causes of child abuse and neglect before they become manifest. The programs provide the foundation to network and support contracted services and grants for prevention activities and education. The primary target is at-risk children and families. | Big Brothers and Big Sisters (DPHHS – CFS) Domestic Violence (DPHHS-CFS) Head Start Collaboration (DPHHS-HCS) Maternal Child Health- Title V Home Visiting (DPHHS-HPSD) Partnership to Strengthen Families – Home Visiting Program (DPHHS-CFS) Children's Trust Fund (DPHHS-CFS) | \$4,015,664 | \$9,646,970 |

Mission: To create and sustain a coordinated and comprehensive system of prevention services in the state of Montana.

UNIFIED PREVENTION BUDGET

| Goal | Benchmark | Comprehensive Approach | Programs | Base Budget (FY00) | 2003 Biennium (FY02 -FY03) Budget Proposal |
|--|--|--|---|--------------------|--|
| Goal 2: Reduce youth use of tobacco, alcohol and other drugs by promoting alternate activities and healthy lifestyles.  | Benchmark By 2005, increase the average age of first use of tobacco, alcohol and other drugs by at least one year. Baseline Year: 1999 Tobacco: 12.66 Alcohol: 12.81 Marijuana: 13.53 Data Source: Youth Risk Behavior Survey and Prevention Needs Assessment | Seven programs aim to postpone or reduce youth use of alcohol, tobacco or other drugs. They support prevention services provided by grants and contracted services. Schools and communities plan and create environments where teens are less likely to participate in risky drug-related behavior and more likely to take part in healthy, productive activities. | Community Incentive Program (CIP) (DPHHS-AMDD) Substance Abuse Prevention and Treatment (SAPT) Block Grant (DPHHS-AMDD) Tobacco Use Prevention Program (TUPP) (DPHHS-HPSD) TUPP (OPI) Fetal Alcohol Syndrome (FAS) Consortium (DPHHS-HPSD) Safe and Drug Free School (SDFS) (OPI) SDFS (MBCC) | \$8,743,021 | \$23,217,742 |
| Goal 3 Reduce youth violence and crime by promoting the safety of all citizens.  | Benchmark A By 2005, reduce Juvenile Crimes against persons by 10%. Baseline Year: 1998 - 1,955 crimes Data source: Crime in MT, MBCC Benchmark B By 2005, reduce physical fighting among 9th - 12th grade students to 28%. Baseline Year: 1999 - 32.1% Data Source: Youth Risk Behavior Survey | Five programs attempt to change the way youth think of, and act out, violence and crime while encouraging safe and non-violent lives. These programs are carried out through schools, institutions and communities. | Cognitive Restructuring (DOC) Rape Prevention (DPHHS-HPSD) Montana Behavior Initiative (OPI) Title V Juvenile Delinquency Prevention (MBCC) Suicide Prevention (DPHHS-HPSD) | \$318,470 | \$2,555,630 |

UNIFIED PREVENTION BUDGET

| Goal | Benchmark | Comprehensive Approach | Programs | Base Budget (FY00) | 2003 Biennium (FY02 -FY03) Budget Proposal |
|---|---|---|--|--------------------|--|
| Goal 4: Reduce school dropout by increasing the percentage of high school students who successfully transition from school to work, postsecondary education, training and/or military.  | Benchmark A By 2005, reduce the percentage of students who drop out of high school to 4%. Baseline Year: 1998-99 – 4.2% Data Source: MT Statewide Education Profile Benchmark B By 2005, increase the percentage of the 9th grade class that completes high school to 86%. Baseline Year: 1998-99 – 81.0% Data Source: MT Statewide Drop Out Report Benchmark C By 2005, increase the percentage of 12th grade students who graduate from High School to 95% Baseline Year: 1998-1999 – 94% Data Source: MT Statewide Education Profile | Six programs encourage education and life skills to improve a successful transition to post-educational life. These prevention programs are provided primarily in schools and target disadvantaged or at-risk youth to stay in school in order to graduate or obtain a GED. | Gear UP (OCHE) Workforce Investment Act (Youth Component) (DOLI) Independent Living Project (DPHHS-CFS) Even Start (OPI) Montana Youth ChalleNGe (MA) Jobs for Montana's Graduates (DOLI) | \$6,862,653 | \$20,119,143 |

UNIFIED PREVENTION BUDGET

| Goal | Benchmark | Comprehensive Approach | Programs | Base Budget (FY00) | 2003 Biennium (FY02 -FY03) Budget Proposal |
|---|---|--|---|--------------------|--|
| Goal 5: Reduce teen pregnancy and sexually transmitted diseases by promoting the concept that sexual activity, pregnancy and child rearing are serious responsibilities. <div data-bbox="162 762 232 858"> </div> | Benchmark A By the year 2005, increase the percentage of 15-19 year olds (9th-12th graders) who report never engaging in sexual intercourse to 60%. Base line year: 1999 – 57.6% Data Source: YRBS Benchmark B By the year 2005, reduce the pregnancy rate for 15-17 year old Montana females to 27. Baseline year: 1998 rate: 30 Data Source: MT DPHHS Vital Statistics | Four programs educate individuals and communities about teen sexuality and responsibilities. The prevention services are provided through community-based organizations. | Maternal Child Health – Title V - Abstinence Education (DPHHS-HPSD) HIV (DPHHS-HPSD) Maternal Child Health Title V – Home Visiting (DPHHS-HPSD) Title X – Family Planning (DPHHS-HPSD) | \$1,189,377 | \$2,378,754 |

| Unified Prevention Budget Total | Total Base Budget (FY00) | Total 2003 Biennium (FY 02 -FY03) Budget Proposal |
|---------------------------------|--|---|
| 28 Programs | \$21,129,185 61.1% Federal Funds 37.2% State General Fund ^b 1% State Special Revenue .7% Other | \$57,918,239^a 68.9% Federal Funds 30% State General Fund ^b .7% State Special Revenue .5% Other |

^a Budget totals for each fiscal year in the biennium were nearly identical and thus combined in the table. Totals are FY02 - \$28,932,969 and FY03 - \$28,985,270.

^b The Tobacco Settlement provided biennium prevention support of \$8,680,000 in State General Fund dollars.

DPHHS – Department of Public Health and Human Services (CFS- Child and Family Services Division, HCS- Human and Community Services Division, HPSP – Health Policy and Services Division, AMDD- Addictive and Mental Disorder Division), OPI – Office of Public Instruction, MBCC – Montana Board of Crime Control, DOC – Department of Corrections, OCHE – Office of the Commissioner of Higher Education, DOLI – Department of Labor and Industry, MA – Department of Military Affairs

AMERICANS WITH DISABILITIES ACT

The Americans with Disabilities Act (ADA) gives federal civil rights protections to individuals with disabilities similar to those provided to individuals on the basis of race, color, sex, national origin, age, and religion. It guarantees equal opportunity for individuals with disabilities in public accommodations, employment, transportation, state and local government services, and telecommunications.

It is the policy of the State of Montana that discriminatory barriers to employment in state government on the basis of disability must be eliminated, in accordance with relevant state and federal law such as the Montana Human Rights Act of 1974, Section 504 of the Rehabilitation Act of 1973, and Titles I and II of the ADA of 1990. Several state personnel policies refer to the various provisions of these laws. The intent of this policy statement is to link together these provisions into one consolidated policy statement. Following is the agency progress report of ADA compliance:

KEY

Removing Physical Barriers:

A = All facilities are in the Capitol Complex.

B = No planning or initiatives in this area.

C = Preliminary planning underway in this area.

D = A well-developed transition plan exists and partial activity in this area.

E = A well-developed transition plan exists and major activity in this area.

F = Transition plan activities are complete; review process in place for new facilities.

ADA Implementation Progress:

0 = No planning or initiatives in this area.

1 = Preliminary planning underway in this area.

2 = A well-developed written self-evaluation exists in this area.

3 = Well-developed plans exist and partial activity in this area.

4 = Well-developed plans exist and major activity in this area.

5 = Major evidence of accessibility in this area.

6 = Continual review process in place to monitor need for activity as changes occur.

AMERICANS WITH DISABILITIES ACT OF 1990 (ADA)

2001 BIENNIUM PROGRESS REPORT

Implementation Progress

| Agency | Program | Removing Physical Barriers | Services | Employ- ment | Public Meetings | Staff Training |
|-----------------------------|-----------------------------------|---|-----------------|-------------------------|----------------------------|---------------------------|
| Legis Serv 1104 | All | A | 5 | 5 | 5 | 1 |
| Consumer Counsel 1112 | 1 | B | 6 | 6 | 6 | 0 |
| Supreme Ct 2110 | All | A | 0 | 0 | 0 | 0 |
| Governor 3101 | All | A | 6 | 6 | 6 | 6 |
| Sec of State 3201 | All | F | 6 | 6 | 6 | 6 |
| Pol Practices 3202 | 1 | A | 0 | 0 | 0 | 0 |
| St Auditor's 3401 | All | A | 6 | 6 | 6 | 6 |
| OPI 3501 | All | F | 5 | 6 | 5 | 6 |
| College Tech 3513 | All Gt Falls | F | 6 | 5 | 5 | 5 |
| College Tech 3514 | All Helena | D | 4 | 3 | 5 | 3 |
| BdCrimeCon 4107 | All | A | 6 | 6 | 6 | 6 |
| Justice 4110 | 1 Atty Gen/legal | A | 3 | 5 | 3 | 2 |
| 4110 | 7 Gamble Control | B | 6 | 6 | 6 | 6 |
| 4110 | 12,17 Motor Vehicles | C | 6 | 6 | 2 | 6 |
| 4110 | 13 Hwy Patrol | C | 2 | 5 | 2 | 3 |
| 4110 | 18 Law Enforcement Services | C | 1 | 5 | 1 | 1 |
| 4110 | 22 Law Enforcement Academy | E | 0 | 5 | 4 | 1 |
| 4110 | 28 Central Serv & Plan | A | 5 | 5 | 5 | 3 |
| 4110 | 29 Comp Serv & Plan | A | 1 | 5 | 1 | 1 |
| 4110 | 32 Forensic Science | E | 1 | 5 | 1 | 1 |

ADA REPORT

Implementation Progress

| Agency | Program | Removing Physical Barriers | Services | Employment | Public Meetings | Staff Training |
|-----------------------------------|----------------------|----------------------------|----------|------------|-----------------|----------------|
| Public Service Commission 4201 | 1 | F | 6 | 6 | 6 | 6 |
| Bd of Public Education 5101 | | | | | | |
| ComHighEd 5102 | 1 Admin | F | 6 | 6 | 6 | 6 |
| 5102 | 2 Student Asst Prog | F | 6 | 6 | 6 | 6 |
| 5102 | 3 Eisenhower Gr | F | 6 | 6 | 6 | 6 |
| 5102 | 5 Benefits Group | F | 5 | 6 | 6 | 5 |
| 5102 | 6 Talent Search | F | 3 | 3 | 3 | 3 |
| 5102 | 8 Perkins Program | F | 5 | 6 | 5 | 6 |
| 5102 | 12 Guar Student Loan | F | 6 | 6 | 6 | 6 |
| 5102 | 13 Bd of Regents | F | 6 | 6 | 6 | 6 |
| U of M 5103 | All | E | 4 | 6 | 6 | 6 |
| MSU-Boz 5104 | All | D | 5 | 5 | 5 | 5 |
| MT Tech/UM 5105 | All | D | 3 | 6 | 3 | 6 |
| MSU-Billings 5106 | | | | | | |
| 5107-MSU Northern | | | | | | |
| WMC-UM 5108 | | | | | | |
| MSU Agric Exper Station 5109 | | | | | | |
| 5110 Coop Ext Service | | | | | | |
| School for Deaf & Blind 5113 | 1 Admin | C | 3 | 5 | 5 | 3 |

ADA REPORT

Implementation Progress

| Agency | Program | Removing Physical Barriers | Services | Employment | Public Meetings | Staff Training |
|-----------------------------------|-----------------------------------|----------------------------|----------|------------|-----------------|----------------|
| 5113 | 3 Student Services | C | 3 | 5 | 5 | 3 |
| 5113 | 4 Education | C | 3 | 5 | 5 | 3 |
| MT Arts Council 5114 | 1 | E | 5 | 6 | 6 | 1 |
| State Library 5115 | 1 | A | 5 | 5 | 5 | 1 |
| Hist Society 5117 | All-excludes original Gov mansion | A | 5 | 4 | 5 | 3 |
| Fire Services Trng School 5119 | | | | | | |
| FWP 5201 | 1 Admin & Finance | D | 3 | 4 | 4 | 3 |
| 5201 | 2 Field Services | A | 4 | 4 | 5 | 3 |
| 5201 | 3 Fisheries | E | 5 | 5 | 5 | 3 |
| 5201 | 4 Law Enforcement | D | 4 | 5 | N/A | 3 |
| 5201 | 5 Wildlife | D | 4 | 4 | 5 | 3 |
| 5201 | 6 Parks | E | 4 | 4 | 5 | 3 |
| 5201 | 8 Consv Education | D | 3 | 4 | 5 | 3 |
| 5201 | 9 Mgmt | D | 3 | 4 | 5 | 3 |
| DEQ 5301 | 10 Central Services | A,F | 1 | 1 | 1 | 1 |
| 5301 | 11 Petroleum Board | C | 1 | 1 | 1 | 1 |
| 5301 | 20 Prevention Plan & Asst | A,F | 1 | 1 | 1 | 1 |
| 5301 | 30 Enforcement | A,F | 1 | 1 | 1 | 1 |
| 5301 | 40 Remediation | C | 1 | 1 | 1 | 1 |
| 5301 | 50 Permit & Compliance | A,F | 1 | 1 | 1 | 1 |

ADA REPORT

Implementation Progress

| Agency | Program | Removing Physical Barriers | Services | Employment | Public Meetings | Staff Training |
|------------------------|--------------------------------|----------------------------|----------|------------|-----------------|----------------|
| Transportation 5401 | 1 General Operation | F | 6 | 6 | 6 | 6 |
| 5401 | 2 Construction | E | 4 | 5 | 5 | 4 |
| 5401 | 3 Maintenance | F | 4 | 4 | 6 | 6 |
| 5401 | 7 Motor Pool | F | 5 | 6 | 6 | 6 |
| 5401 | 8 Equipment | F | 6 | 6 | 6 | 6 |
| 5401 | 22 Motor Carrier Svcs | E | 4 | 4 | 6 | 6 |
| 5401 | 40 Aeronautics | F | 6 | 6 | 6 | 6 |
| 5401 | 50 | F | 6 | 6 | 6 | 6 |
| Livestock 5603 | 1 | D | 3 | 0 | 1 | 0 |
| DNRC 5706 | 4 Trust Land Dev | F | 5 | 6 | 6 | 6 |
| 5706 | 21 Central Services | F | 5 | 6 | 6 | 6 |
| 5706 | 22 Oil & Gas | F | 5 | 6 | 6 | 6 |
| 5706 | 23 Conserv Res Develop Council | F | 5 | 6 | 6 | 6 |
| 5706 | 24 Water Resource Dev | F | 5 | 6 | 6 | 6 |
| 5706 | 25 Reserved Water Rights | F | 5 | 6 | 6 | 6 |
| 5706 | 35 Forestry | C | 1 | 1 | 1 | 1 |
| Revenue 5801 | 1 Directors Office | A | 4 | 4 | 4 | 2 |
| 5801 | 2 Operation | A | 3 | 4 | 3 | 2 |
| 5801 | 5 Liquor | F | 5 | 4 | 5 | 2 |
| 5801 | 6 Income Tax | A | 3 | 4 | 5 | 2 |
| 5801 | 7 Nat' Res Corp Tax | A | 3 | 4 | 5 | 2 |
| 5801 | 8 Property Tax | D | 1 | 4 | 3 | 2 |
| Administration 6101 | 6 Procure & Printing | A | 1 | 5 | 5 | 1 |

Implementation Progress

| Agency | Program | Removing Physical Barriers | Services | Employment | Public Meetings | Staff Training |
|--------------------|---------------------------|----------------------------|----------|------------|-----------------|----------------|
| 6101 | 6 Property & Supply | B | 5 | 5 | 5 | 5 |
| 6101 | 6 Publications & Graphics | A | 1 | 5 | 1 | 1 |
| 6101 | 3 Acct & Mgmt | A | 6 | 6 | 6 | 6 |
| 6101 | 4 Arch & Engineering | A | 5 | 5 | 5 | 5 |
| 6101 | 7 Info Svcs | A | 1 | 6 | 1 | 2 |
| 6101 | 8 Gen Svcs | A,F | 6 | 6 | 6 | 6 |
| 6101 | 13 Mail Rm | A | 0 | 0 | 0 | 0 |
| 6101 | 23 Personnel | A | 5 | 6 | 6 | 5 |
| 6101 | 24 Risk Mgmt | A,C | 1 | 6 | 1 | 1 |
| 6101 | 37 State Tax Appeal | A | 6 | 6 | 6 | 6 |
| Appellate Def 6102 | 1 | F | 5 | 5 | 5 | 5 |
| State Fund 6103 | All | D | 6 | 6 | 6 | 3 |
| PubEmp Ret 6104 | 1 thru 9, 35 | F | 2 | 2 | 3 | 1 |
| Teach Ret 6105 | 1 | A | 3 | 6 | 3 | 6 |
| Agriculture 6201 | 15 Mgmt | A | 6 | 6 | 6 | 6 |
| 6201 | 30 Agric Sciences | E | 5 | 6 | 5 | 6 |
| 6201 | 50 Agric Develop | E | 5 | 6 | 5 | 6 |
| Corrections 6401 | Riverside Youth | E | 5 | 5 | 0 | 1 |
| 6401 | MSP Admin Wallace Bldg | D | 5 | 5 | 0 | 1 |
| 6401 | MSP Security Facility | D | 5 | 5 | 0 | 1 |
| 6401 | 3 Pine Hills | E | 5 | 5 | 0 | 1 |
| 6401 | MCE | C | 3 | 3 | 0 | 1 |
| 6401 | TSCTC | E | 5 | 5 | 0 | 1 |

ADA REPORT
Implementation Progress

| Agency | Program | Removing Physical Barriers | Services | Employment | Public Meetings | Staff Training |
|------------------|-------------------------|----------------------------|----------|------------|-----------------|----------------|
| 6401 | JuvTrans Ctr | B | 0 | 0 | 0 | 1 |
| 6401 | Prob/Parole | B | 0 | 1 | 0 | 1 |
| 6401 | MWPrison | D | 5 | 3 | 0 | 1 |
| 6401 | DOC Central | A | 0 | 4 | 3 | 3 |
| Commerce 6501 | 2 Weights & Measures | D | 6 | 6 | 6 | 6 |
| 6501 | 36 Financial | D | 6 | 6 | 6 | 6 |
| 6501 | 39 Prof & Occ Lic | D | 6 | 6 | 6 | 6 |
| 6501 | 51 Economic Development | D | 6 | 6 | 6 | 6 |
| 6501 | 52 Travel Montana | | | | | |
| 6501 | 54 Section 8 | | | | | |
| 6501 | 60 Local Govt Asst | D | 6 | 6 | 6 | 6 |
| 6501 | 62 Local Govt Svc | D | 6 | 6 | 6 | 6 |
| 6501 | 64 Local Govt Asst | D | 6 | 6 | 6 | 6 |
| 6501 | 65 Building Codes | D | 6 | 6 | 6 | 6 |
| 6501 | 71 Health Facility Auth | D | 6 | 6 | 6 | 6 |
| 6501 | 73 Science & Tech All | D | 6 | 6 | 6 | 6 |
| 6501 | 74 Bd of Housing | D | 6 | 6 | 6 | 6 |
| 6501 | 75 Bd of Investment | D | 6 | 6 | 6 | 6 |
| 6501 | 77 MT Lottery | D | 6 | 6 | 6 | 6 |
| 6501 | 78 Bd of Horseracing | | | | | |
| 6501 | 79 Legal & Con Affairs | D | 6 | 6 | 6 | 6 |
| 6501 | 81 Mgmt | D | 6 | 6 | 6 | 6 |
| Labor & Ind 6602 | 1 Job Service | F | 6 | 6 | 6 | 3 |

ADA REPORT

Implementation Progress

| Agency | Program | Removing Physical Barriers | Services | Employment | Public Meetings | Staff Training |
|--------------------------|---------------------------------|----------------------------|----------|------------|-----------------|----------------|
| 6602 | 2 Unemploy Insurance | F | 5 | 5 | 5 | 5 |
| 6602 | 3 Central Service | A | 2 | 6 | 6 | 2 |
| 6602 | 4 Employee Relations | E | 3 | 4 | 3 | 2 |
| 6602 | 8 Human Rights | F | 5 | 6 | 6 | 6 |
| 6602 | 9 Work Comp Court | F | 6 | 5 | 6 | 3 |
| Military Affairs 6701 | 1 Operation Support | C | 1 | 5 | 4 | 1 |
| 6701 | 12 Army Nat'l Guard | D | 2 | 6 | 6 | 3 |
| 6701 | 13 Air Nat'l Guard | F | 6 | 5 | 5 | 1 |
| 6701 | 21 Disaster & Emer Svc | C | 2 | 5 | 4 | 1 |
| 6701 | 31 Veteran's Affairs | F | 6 | 5 | 5 | 1 |
| PHHS 6901 | 22 MT Vet's Home | D | 4 | 4 | 4 | 4 |
| 6901 | 22 Sr & LTC | E | 4 | 4 | 4 | 4 |
| 6901 | 3 Child & Family Svc | D | 4 | 4 | 4 | 4 |
| 6901 | 4 *see below | D | 4 | 4 | 4 | 4 |
| 6901 | 5 CSED | F | 5 | 5 | 5 | 5 |
| 6901 | 7 Health Policy & Svc | E | 4 | 5 | 4 | 4 |
| 6901 | 8 Quality Assurance | E | 4 | 4 | 4 | 4 |
| 6901 | 9 OP & Tech | E | 4 | 4 | 4 | 4 |
| 6901 | 10 Disability Services | D | 4 | 4 | 4 | 4 |
| 6901 | 33 Addiction & Mental Disorders | D | 4 | 4 | 4 | 4 |

*Statewide Advisory Councils, American Indian Advisory Council, Office of Legal Affairs, Office of Human Resources, Office of State & Local Relations, Office of Public Information

**An Estimate of Revenue
From a Tourism Tax
in Montana**

July 2000

**Montana Department of Revenue
Tax Policy and Research Process**

An Estimate of Revenue from a Tourism Tax in Montana

Introduction and Summary

Visitors to Montana benefit from state and local government services, such as police and fire protection. However, visitors do not pay state income or property taxes which fund general government services. Visitors do pay excise taxes on gasoline and accommodations, but these taxes are earmarked for specific uses and do not pay for general government services.

One way to have visitors contribute to the cost of general government services in Montana would be to levy a selective sales tax on goods that are bought primarily or disproportionately by non-resident visitors. This report examines the potential revenue from levying a tourism tax at a rate of 1%.

This report is divided into four sections. The first section presents estimates of the annual number of visitors and their spending in Montana. The second section estimates the size of the tax base and the revenue that would be collected by a tourism tax. The third section estimates how much of that revenue would be collected from non-residents and how much would be collected from residents. The final section estimates administration and compliance costs.

A 1% sales tax on prepared food, alcohol sold by the drink, car rentals, tickets to sporting events, concerts, plays and similar events, sightseeing excursion fares, souvenirs, and recreation goods and services would generate revenue of about \$15.5 million in fiscal year 2002. Residents would pay between 50% and 60% of this tax. The state's costs of administering such a tax would be at least 1% of revenue, and merchants' costs of collecting it would be about 4% of revenue.

Visitors to Montana and Their Purchases

The Institute for Tourism and Recreation Research (ITRR) at the University of Montana surveys visitors to the state every year. The ITRR estimates the number of visitors, the average stay, and how much visitors spend.

The ITRR estimates there were 9,428,000 visitors to the state in 1999, and they spent \$1.588 billion while they were here. The ITRR's estimates for 1991 are 7,519,000 visitors and \$1.240 billion spent. From 1991 to 1999, the average annual rates of growth were 2.9% for visitors and 3.1% for visitor spending.

The average stay for a visitor reported by the 1999 ITRR survey was 4.3 days. With 9.4 million visitors each staying an average of 4.3 days, there are on average 110,000 out-of-state visitors in Montana at any time. The state's resident population is about 880,000. Thus, on average, 11% of the people in Montana are out-of-state visitors.

Table 1 shows the ITRR's estimates of how visitor spending was divided between eight sectors of the Montana economy in 1999.

| Table 1 1999 Non-Resident Visitor Spending | | |
|---|--------------------|----------------|
| Sector | \$ million | % |
| Accommodations | \$ 273.50 | 17.20% |
| Auto Rental and Repairs | 55.70 | 3.50% |
| Transportation Fares | 8.00 | 0.50% |
| Gasoline & Oil | 352.90 | 22.20% |
| Restaurants & Bars | 291.40 | 18.30% |
| Groceries & Snacks | 122.40 | 7.70% |
| Retail Sales | 383.60 | 24.20% |
| Miscellaneous Expenses, Services | 100.90 | 6.40% |
| Total | \$ 1,588.40 | 100.00% |

The retail sales and miscellaneous categories are composed of many specific types of purchases. For the purposes of estimating revenue from a tourism tax, it is useful to re-categorize these items. Table 2 shows visitors' estimated retail and miscellaneous spending reorganized into four categories.

| Table 2 1999 Non-Resident Visitor Spending Retail and Miscellaneous | | |
|--|------------------|---------------|
| Sector | \$million | % |
| Theater and Event Tickets | \$ 19.10 | 1.20% |
| Souvenirs | 90.50 | 5.70% |
| Recreation | 89.00 | 5.60% |
| Non-Tourist Purchases | 286.00 | 18.00% |
| Total | \$ 484.60 | 30.50% |

Recreation includes ski equipment, lift tickets, sporting goods, outfitters, golf fees, bait, and hobby supplies. Non-tourist purchases includes items such as clothing, household goods, farm supplies, appliances, and used cars. This category is relatively large because Billings is a regional trade center serving northeastern Wyoming, as well as eastern Montana.

The Tourism Tax Base and Revenue

The ITRR visitor spending estimates point out seven areas of significant spending by tourists:

- ◆ sales of prepared food;
- ◆ alcoholic beverages sold by the drink;
- ◆ tickets to events such as plays, concerts, and sporting events;
- ◆ car rentals;
- ◆ sightseeing fares;
- ◆ recreation; and
- ◆ other souvenir items.

These items are included in the tax base for the revenue estimate provided here.

The primary source of information for estimating the tourism sales tax base is the 1997 Economic Census, which was conducted by the Census Bureau of the US Department of Commerce. The Economic Census gathers detailed information on business activity at the state level. The tax base estimates presented here are based on sales of businesses grouped by types of business. Many businesses sell several types of products, but all sales by a business are reported together. To estimate sales for specific types of goods and services, it is necessary to make estimates of how some industries' sales are divided between the various categories of goods and services.

The Census Bureau is scheduled to begin publishing estimates of sales grouped by types of goods and services in August 2000. This product line sales information could be used to refine the estimates presented here.

Prepared Food Sold in Restaurants

Five census categories consist of businesses that sell prepared food and little else. They are Full-Service Restaurants, Limited-Service Restaurants, Snack and Non-alcoholic Beverage Bars, Mobile Food Services, and Cafeterias. The Cafeterias category includes both cafeteria-style restaurants and workplace cafeterias.

Table 3 shows estimated receipts for these establishments from the 1997 Census.

| Table 3 Sales of Prepared Food 1997 Economic Census Estimates | |
|--|-------------------------|
| Industry | Receipts (\$million) |
| Full-Service Restaurants | \$ 386.60 |
| Limited-Service Restaurants | 266.40 |
| Snack and Nonalcoholic Beverage Bars | 27.60 |
| Cafeterias | 6.20 |
| Mobile Food Services | 1.50 |
| Total | \$ 685.10 |

If all food sold in cafeterias is included, the value of taxable sales is \$685.1 million. Exempting sales in workplace cafeterias would reduce the tax base by an amount less than \$6 million.

Drinks Sold in Bars

All establishments that are primarily in the business of selling alcoholic beverages by the drink are included in the single Census category "Drinking Places." The 1997 Economic Census estimate of receipts from these establishments is \$152.4 million.

Some restaurants sell drinks and many bars sell food. If both food and drink are subject to the tourism tax, this will not affect the estimate of the total tax base.

Some bars charge for entertainment and/or gambling. Casinos and other gambling establishments sell food and drinks. The 1997 Economic Census estimate for revenue of gambling establishments is \$156.6 million. If we assume that the value of food and drink sales at gambling establishments is similar to the value of entertainment and gambling at bars, the net effect of counting all revenue of drinking places and not counting any revenue of casinos should be close to zero. Until the Economic Census estimates of sales by product categories are available, sales of Drinking Places can be used as an estimate of sales of alcoholic beverages.

Food, Drinks, and Other Items Sold at Hotels, Motels, and RV Parks

Montana has a 4% use tax on lodging charges. The lodging facilities use tax applies only to lodging charges, and excludes other charges for items such as food, transportation or entertainment. Food, drinks and other items sold at lodging facilities could be included in the base for a tourism tax.

The value of these other sales can be estimated by taking the difference between total revenue of lodging facilities and room charges, which currently are taxed. Two Economic Census industries are subject to the lodging facilities use tax: "Traveler Accommodation" and "RV Parks and Recreational Camps." Combined revenue for these industries for 1997 was \$334.9 million. Lodging facilities use tax revenues for 1997 were \$9.76 million, which implies a tax base of \$244.4 million. Subtracting lodging charges from total industry receipts gives an estimate of non-lodging sales of \$90.5 million. Table 4 shows this calculation.

| Table 4 Food, Drinks, and Other Revenue of Hotels, Motels and RV Parks 1997 Economic Census Estimates and Accommodations Tax Receipts | |
|--|-------------------------|
| Industry | Receipts (\$million) |
| Traveler Accommodation | \$ 298.60 |
| RV Parks and Recreational Camps | 36.30 |
| Total | \$ 334.90 |
| less: Taxed Lodging Charges | 244.40 |
| Non-Lodging Receipts | \$ 90.50 |

This figure may slightly overestimate sales of other goods and services at lodging facilities because facilities with single room rates less than 60% of the state per diem rate are exempt from the accommodations tax. Consequently, a portion of the \$90.5 million may represent accommodations charges for these type of rooms that would be exempt from both the accommodations tax and any tourism tax.

Auto Rentals

The Economic Census combines income from both long-term leases and short-term rentals of vehicles. Most long-term leases from Montana car dealers will be to residents, and should not be included in the base for a tourist tax. The ITRR reports that visitors to Montana in 1999 spent \$55.7 million on car rentals and repairs, but does not track rentals and repairs separately. The Economic Census has a separate

category of automobile repair. In 1997, revenues totaled \$248 million in Montana. Visitors are 11% of the people in the state on the average day. If they make 11% of expenditures on car repairs, their spending on repairs would be \$27.3 million. Subtracting this from visitors' \$55.7 million spending on rentals and repairs leaves an estimate of visitor rentals of \$28.4 million.

The Economic Census estimate of total car rental and lease payments is \$39.2 million. Subtracting \$28.4 million of visitor rentals from this leaves \$10.8 million of car lease and rental payments by residents. How the estimates are distributed between leases and rentals is unknown. If residents make 5% of total car rental payments, total car rental payments are \$29.8 million.

Tickets to Sporting Events, Concerts, Plays, and Similar Events

Table 5 shows revenues for businesses that sell admission tickets to special events or to sites such as amusement parks or museums.

| Table 5 Tickets to Events or Sites 1997 Economic Census Estimates | |
|--|-------------------------|
| Industry | Receipts (\$million) |
| Performing Arts Companies | \$ 127.60 |
| Amusement Parks and Arcades | 8.20 |
| Spectator Sports | 3.00 |
| Promoters of Performing Arts, Sports, and Similar Events | 2.40 |
| Concession Operators of Amusement Devices and Rides | 0.80 |
| Museums, Historical Sites, and Similar Institutions | 0.30 |
| Total | \$ 142.30 |

Some of these organizations have other sources of revenue. Total receipts of these organizations probably overstate the receipts from ticket sales.

Tourist Transportation Fares

Fares for two types of transportation are assumed to be subject to the tourism tax. They are local sightseeing excursions and taxis.

The Census Bureau does not release information from the economic census that could be used to infer sales or other information about individual firms. The Census Bureau is withholding information on three of the four industry subsectors that provide

transportation to tourists because there are so few firms in them. For these subsectors, it is necessary to estimate sales either as a fraction of the sales of a larger sector that contains the sector of interest or as a multiple of the sales of a smaller sector that is contained in it. Table 6 shows receipts for sectors that were reported by the Census Bureau, the estimated share of those receipts that would be subject to a tourism tax, and the estimated tax base.

| Table 6 Tourist Transportation Fares 1997 Economic Census Estimates | | | |
|--|-------------------------|-------------------------------------|--------------------------------------|
| Industry | Receipts (\$million) | Estimated Tax Base / Receipts | Estimated Tax Base (\$million) |
| Taxi Service | \$ 3.2 | 100.0% | \$ 3.2 |
| Charter Bus Industry | 6.4 | 15.0% | 1.0 |
| Scenic and Sightseeing Transportation, Water | 1.4 | 137.5% | 1.9 |
| Nonscheduled Air Transportation | 22.6 | 4.5% | 1.0 |
| Total | | | \$ 7.1 |

The Economic Census estimate for Taxi Service does not need any adjustment.

The Charter Bus Industry category includes interstate and intercity charters, which would not be taxed, as well as local sightseeing charters. The Census Bureau reported revenues for the combined category. It also reported that there are ten firms in the total category and seven in the interstate and interurban charter subsector. If revenue in the charter bus category is earned proportionally by local and long-distance charters, and half of local charters are for tourism, 15% of the revenue of the Charter Bus Industry sector would be subject to a tourism tax.

The Scenic and Sightseeing Transportation sector includes three subsectors, Land, Water, and Other. The Census Bureau reports estimated revenue for the eight firms in the Water subsector. It does not report either revenues or number of firms for the Land and Other subsectors. It reports that there are 11 firms in the whole sector but does not give revenue for the whole sector. If the three firms in the Land and Other subsectors have the same average revenues as the eight in the Water subsector, revenues for the whole sector will be $11/8 = 137.5\%$ of revenues in the Water subsector.

The Nonscheduled Air Transportation sector includes both freight and passenger subsectors. The Census Bureau reported revenues for the 22 firms in the sector. It reported that there are 10 firms in the passenger subsector but did not report their revenues. This subsector includes medical, corporate, and personal flights as well as charter flights for sightseeing or other tourism purposes. If the ten firms in the

passenger subsector have the same average revenue as firms in the sector as a whole, and 10% of their revenue is from flights for tourism purposes, then 4.5% of the revenue of the Nonscheduled Air Transportation sector would be subject to a tourism tax.

The total is relatively close to the ITRR estimate of visitors' spending on transportation fares.

Souvenirs

The ITRR estimates that visitors spent \$90.5 million on souvenirs and similar items in 1999. The 1997 Economic Census estimates sales of Gift, Novelty, and Souvenir Stores at \$59.8 million. Since other businesses, such as convenience stores and supermarkets, sell souvenir items, it seems reasonable to use the ITRR figure as an estimate of taxable souvenir sales.

Recreation Goods and Services

Based on the ITRR survey, visitors to the state spent \$90 million on recreation goods and services in 1999. This included purchases and rentals of equipment, lift tickets, golf course fees, guides and outfitters, and bait. Sales reported by the 1997 Economic Census for the related sectors of "Skiing Facilities," "Golf Courses and Country Clubs," "Sports and Recreation Instruction," and "Sporting Goods Stores" total \$131.8 million. Since residents ski, play golf, and buy recreational equipment, the Economic Census is a better estimate of taxable sales in this sector.

Potential Revenue

Table 7 shows the calculation of potential revenue from a selective sales tax on tourist items.

| Table 7 Potential Revenue from a "Tourism Tax" | | | |
|---|-----------------------------------|-----------------------------------|---|
| Tax Base Item | 1997 Sales (\$million) | 2002 Sales (\$million) | Tax Revenue FY2002 (\$million) |
| Food Sold in Restaurants | \$ 685.1 | \$ 798.1 | \$ 8.0 |
| Drinks Sold in Bars | 156.6 | 182.4 | 1.8 |
| Food, Drinks, and Other Sold at Lodging Places | 90.5 | 105.4 | 1.1 |
| Car Rentals | 29.8 | 34.7 | 0.3 |
| Event Tickets | 142.3 | 165.8 | 1.7 |
| Sightseeing Fares | 7.1 | 8.3 | 0.1 |
| Souvenirs | 90.5 | 105.4 | 1.1 |
| Recreation Goods and Services | 131.8 | 153.5 | 1.5 |
| Total | \$ 1,333.7 | \$ 1,553.6 | \$ 15.5 |

The first column shows the items included in the tax base. The second column shows estimated sales of those items in 1997. The third column shows estimated sales in 2002 assuming an average annual rate of growth of 3.1% from 1997 to 2002. This is the rate at which spending by non-resident visitors, as estimated by ITRR, grew from 1991 to 1999. The fourth column shows the revenue that would be generated in fiscal 2002 with a tax rate of 1%.

Who Would Pay?

Food and drinks account for two-thirds of the revenue from a tourism tax, but two-thirds of sales in these sectors are to residents rather than non-residents. It is not known how ticket and recreation services sales are divided between residents and non-residents, but sales to residents probably are significant. Most sales in the car rental, sightseeing fares, and souvenirs sectors are to non-residents. The fraction will depend on exactly which goods and services are taxed.

Table 8 shows an estimate of taxes that would be paid by nonresidents in each of the sectors.

| Table 8 Non-Resident Tourism Tax Payments | | | |
|--|---|---|--|
| Category of Sales | Estimated FY2002 Tax Revenue (\$million) | Estimated Non- Resident Percentage | Estimated Tax Revenue from Non- Residents |
| Food and Drinks | \$ 10.9 | 33% | \$ 3.6 |
| Car Rentals | 0.3 | 95% | 0.3 |
| Event Tickets | 1.7 | 50% | 0.8 |
| Sightseeing Fares | 0.1 | 90% | 0.1 |
| Souvenirs | 1.1 | 90% | 0.9 |
| Recreation Goods and Services | 1.5 | 50% | 0.8 |
| Total | \$ 15.5 | 42% | \$ 6.5 |

The estimate for food and drinks is the ratio of the ITRR's estimate of non-resident visitor spending on these items to the Economic Census estimate of total spending. Almost all car rentals are assumed to be made by non-residents because non-resident rentals account for almost three-fourths of total rental and lease payments. The remainder of revenue in the car rental and lease sector would account for fewer than 3000 leased cars in Montana. The fractions of sales assumed to be made to non-residents in the other sectors are very rough guesses based on the fact that residents make significant purchases in the recreation and tickets sectors, but not in sightseeing fares and souvenirs.

With these estimates of resident and non-resident purchases in each sector, non-residents would pay 42% of the tourism tax. Even if the fraction of sales to non-residents were 90% for tickets, sightseeing fares, souvenirs, and recreation goods and services, residents would still pay 50% of the tourism tax.

Limiting the tax to the three categories where non-residents are estimated to account for at least three-fourths of the sales would limit tax receipts to \$1.5 million.

Administration and Compliance Issues

A tourism tax would require state resources for administration and would impose costs on merchants who collect the tax. There have been several studies of the administration and compliance costs of state sales taxes. The results of these studies have been summarized by John Due and John Mikesell, in their book Sales Taxation: State and Local Structure and Administration, and by Joel Slemrod, in a chapter titled

"Which Is the Simplest Tax System of them All?" in Economic Effects of Fundamental Tax Reform edited by Henry Aaron and William Gale. Estimates of state administration costs range from 0.4% to 1.0% of revenue collected. Estimates of merchants' compliance costs range from 2.0% to 3.8% of revenue collected.

The administration and compliance costs for a selective sales tax aimed at tourists is likely to be a larger fraction of revenue collected than is typical for a general sales tax. The Department of Revenue would have to process tax returns for and audit almost as many merchants as it would with a general sales tax, but would collect much less revenue.

Merchants who collect a sales tax incur several kinds of costs. They must track which of their sales are taxable and must charge customers tax based on the taxable portion of their purchases. They must keep records of taxable sales as well as total sales. Periodically, they must calculate their tax liability, complete a tax return, and submit payment.

In sectors where all or most products were taxed, merchants' costs of collecting the tax and accounting for collections and payments would be comparable to their costs with a general sales tax. In sectors where few products are taxed, merchant's costs are likely to be comparable to their costs with a general sales tax, but they would collect much less tax revenue.

For merchants who already collect the lodging tax, there may be no additional costs, or costs may actually be lower if they are allowed to collect, track, and pay a tourism tax together with the lodging tax.

Using the upper end of the range of reported sales tax administration and compliance costs as estimates of the costs of a tourism tax gives estimated administration costs of 1% of \$15.5 million, or \$155,000, and estimated compliance costs of 3.8% of \$15.5 million, or \$589,000.

The estimate of revenue from a tourism tax presented above assumes perfect compliance with the law. However, there are two compliance problems that are likely to be worse with a tourism tax than with a general sales tax. One is that merchants are likely to make more errors in deciding whether sales are taxable. In most states, the general sales tax exempts a few, well-defined categories of sales, such as food and prescription drugs. Souvenirs, recreation services, and tickets are not as clear-cut. The other problem is that merchants who have a very small fraction of sales subject to the tax may not comply at all, either intentionally or out of ignorance.

RIT TABLES

| RIT Distribution | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| 2001 Biennium | | | | | | |
| RIT Trust Revenues (ROC Estimates) | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 | Fiscal 2002 | Fiscal 2003 |
| Total Deposits | \$1,000,263 | \$597,427 | \$1,358,397 | \$1,660,500 | \$1,472,500 | \$1,340,000 |
| Trust Balance | \$95,582,249 | \$96,179,676 | \$97,538,073 | \$99,198,573 | \$100,671,073 | \$102,011,073 |

| | | | |
|---|--------------------|--------------------|-----------------------|
| | Fiscal 2000 | Fiscal 2001 | Biennium Total |
| RIT Trust Interest Earnings Projections | 7,200,280 | 7,303,000 | \$14,503,280 |
| Priority Statutory Allocations of Interest | | | |
| Environmental Contingency Account (02107)* | -175,000 | 0 | -175,000 |
| Oil & Gas Damage Mitigation Account (02010)** | -50,000 | 0 | -50,000 |
| Water Storage Account (02216) | -500,000 | 0 | -500,000 |
| MSU Northern Allocation | -240,000 | -240,000 | -480,000 |
| Renewable Res. Grant & Loan Program (grants) | -2,000,000 | -2,000,000 | -4,000,000 |
| Reclamation & Development Grants (grants) | -1,500,000 | -1,500,000 | -3,000,000 |
| Ground Water Assessment Program | -300,000 | -300,000 | -600,000 |
| Total Allocations | -\$4,765,000 | -\$4,040,000 | -\$8,805,000 |
| Amount Available for Further Distribution | \$2,435,280 | \$3,263,000 | \$5,698,280 |

| Related Accounts (2001 Biennium Totals) | Renewable Resource (02272) | Reclamation & Development (02458) | Hazardous Waste/CERCLA (02070) | Environmental Quality Protection (02162) | Groundwater Assessment (02289)*** | Water Storage (02216) |
|---|----------------------------|-----------------------------------|--------------------------------|--|-----------------------------------|-----------------------|
| Further Distribution % of RITT Interest | 30% | 35% | 26% | 9% | 0% | 0% |
| Beginning Fiscal 2000 Fund Balance | \$1,363,830 | \$159,224 | \$316,902 | \$702,858 | \$0 | \$56,001 |
| Revenues (ROC, agency estimates) | | | | | | |
| RIT Trust Interest-direct | \$4,000,000 | \$3,000,000 | | | \$600,000 | \$500,000 |
| RIT Trust Interest-further distribution (above %) | 1,709,484 | 1,994,398 | 1,481,553 | 512,845 | | |
| R/GWAT Proceeds | | 1,209,449 | | | 600,000 | |
| Metal Mines Tax (15.5%) | | 795,016 | | | | |
| MSU Northern Montana Allocation | 480,000 | | | | | |
| Sweep of Balance of Abandoned Mine Acct (02249) | | | | | | |
| Coal Tax (Sweep from accts. 04011 and 04008) | 352,727 | | | | | |
| RRD Loan Repayments | 88,271 | | | | | |
| STIP Interest | | | 14,032 | 15,484 | | 60,000 |
| Cost Recoveries | | | | 480,000 | | |
| Administrative Fees | 46,000 | | | | | |
| State-owned Project Revenue | | | | | | 186,400 |
| Total Revenues | \$6,676,482 | \$6,998,863 | \$1,495,585 | \$1,008,329 | \$1,200,000 | \$746,400 |
| Appropriations (Executive Budget) | | | | | | |
| House Bills 6 and 7 | \$4,000,000 | \$3,233,197 | | | | |
| House Bill 6-Emergency Grants | 225,000 | | | | | |
| MSU-Northern (Statutorily appropriated) | 480,000 | | | | | |
| UM-Bureau of Mines and Geology | | | | | 1,332,000 | |
| DNRC-Conservation and Res. Devel. Division | 628,023 | 445,373 | | | | |
| DNRC-Water Resources Division | 200,000 | | | | | 470,000 |
| DEQ-Planning, Prevention & Assistance | | | 302,405 | | | |
| DEQ-Enforcement | | 10,735 | | 9,766 | | |
| DEQ-Remediation | | | 380,476 | 1,622,073 | | |
| DEQ-Permitting & Compliance | | 2,568,683 | 999,966 | | | |
| Governor's Office-Flathead Basin Commission | 100,281 | | | | | |
| Judiciary-Water Court | 1,276,737 | | | | | |
| Library Commission-NRIS | 343,349 | 303,867 | | | | |
| Legislature-Environmental Quality Council | | | | | | |
| Proposed Executive Pay Plan | 37,986 | 34,118 | 46,010 | 32,366 | | |
| Total Appropriations | \$7,291,376 | \$6,595,973 | \$1,728,857 | \$1,664,205 | \$1,332,000 | \$470,000 |
| Projected 2001 Biennium Ending Balance | \$748,936 | \$562,114 | \$83,630 | \$46,982 | -\$132,000 | \$332,401 |
| * The governor must report on the expenditures from the environmental contingency account in the executive budget. Expenditures are statutorily appropriated. | | | | | | |
| ** Amounts are deposited to the oil & gas damage mitigation account to bring the balance up to \$200,000 (82-11-161,MCA). All money in the account is statutorily appropriated. | | | | | | |
| *** Amounts are deposited to the groundwater assessment account to bring the balance up to \$666,000. Any excess goes to the RIT trust (85-2-905, MCA). | | | | | | |

RIT TABLES

| RIT Distribution | | | | | | |
|------------------------------------|--------------|--------------|--------------|--------------|---------------|---------------|
| 2003 Biennium Projections | | | | | | |
| RIT Trust Revenues (ROC Estimates) | Fiscal 1998 | Fiscal 1999 | Fiscal 2000 | Fiscal 2001 | Fiscal 2002 | Fiscal 2003 |
| Total Deposits | \$1,000,263 | \$597,427 | \$1,358,397 | \$1,660,500 | \$1,472,500 | \$1,340,000 |
| Trust Balance | \$95,582,249 | \$96,179,676 | \$97,538,073 | \$99,198,573 | \$100,671,073 | \$102,011,073 |

| | Fiscal 2002 | Fiscal 2003 | Biennium Total |
|---|------------------|------------------|---------------------|
| RIT Trust Interest Earnings Projections | 7,444,000 | 7,526,000 | \$14,970,000 |
| Priority Statutory Allocations of Interest | | | |
| Environmental Contingency Account (02107)* | -175,000 | 0 | -175,000 |
| Oil & Gas Damage Mitigation Account (02010)** | -50,000 | 0 | -50,000 |
| Water Storage Account (02216) | -500,000 | 0 | -500,000 |
| MSU Northern Allocation | -240,000 | -240,000 | -480,000 |
| Renewable Res. Grant & Loan Program (grants) | -2,000,000 | -2,000,000 | -4,000,000 |
| Reclamation & Development Grants (grants) | -1,500,000 | -1,500,000 | -3,000,000 |
| Ground Water Assessment Program | -300,000 | -300,000 | -600,000 |
| DFWP - Cutthroat Trout/Bull Trout Program | -500,000 | -500,000 | -1,000,000 |
| Total Allocations | -\$4,765,000 | -\$4,040,000 | -\$8,805,000 |
| Amount Available for Further Distribution | \$2,679,000 | \$3,486,000 | \$6,165,000 |

| Related Accounts (2003 Biennium Totals) | Renewable Resource (02272) | Reclamation & Development (02458) | Hazardous Waste/CERCLA (02070)*** | Environmental Quality Protection (02162)**** | Groundwater Assessment (02289)*** | Water Storage (02216) |
|---|----------------------------|-----------------------------------|-----------------------------------|--|-----------------------------------|-----------------------|
| Further Distribution % of RITT Interest | 30% | 35% | 26% | 9% | 0% | 0% |
| Beginning Fiscal 2002 Fund Balance | \$748,936 | \$562,114 | \$83,630 | \$46,982 | \$0 | \$332,401 |
| Revenues (ROC, agency estimates) | | | | | | |
| RIT Trust Interest-direct | \$4,000,000 | \$3,000,000 | | | \$600,000 | \$500,000 |
| RIT Trust Interest-further distribution (above %) | 1,849,500 | 2,157,750 | 1,602,900 | 554,850 | | |
| RIGWAT Proceeds | | 1,209,449 | | | 666,000 | |
| Metal Mines Tax (15.5%) | | 795,016 | | | | |
| MSU Northern Montana Allocation | 480,000 | | | | | |
| Sweep of Balance of Abandoned Mine Acct (02249) | | | | | | |
| Coal Tax (Sweep from accts. 04011 and 04008) | 120,000 | | | | | |
| RRD Loan Repayments | 160,000 | | | | | |
| STIP Interest | | | 14,032 | 15,484 | | 10,000 |
| Cost Recoveries | | | | 480,000 | | |
| Administrative Fees | 20,000 | | | | | |
| State-owned Project Revenue | | | | | | 225,400 |
| Total Revenues | \$6,629,500 | \$7,162,215 | \$1,616,932 | \$1,050,334 | \$1,266,000 | \$735,400 |
| Appropriations (Executive Budget) | | | | | | |
| House Bills 6 and 7 | \$4,000,000 | \$3,000,000 | | | | |
| House Bill 6-Emergency and Private Grants | 225,000 | | | | | |
| MSU-Northern (Statutorily appropriated) | 480,000 | | | | | |
| UM-Bureau of Mines and Geology | | | | | 1,332,000 | |
| DNRC-Conservation and Res. Devel. Division | 800,402 | 637,707 | | | | |
| DNRC-Water Resources Division | | | | | | 470,000 |
| DEQ-Planning, Prevention & Assistance | | 2,976,997 | | | | |
| DEQ-Enforcement | | 10,657 | | | | |
| DEQ-Remediation | | | 1,893,034 | 1,295,046 | | |
| DEQ-Permitting & Compliance | | | | | | |
| Governor's Office-Flathead Basin Commission | 101,121 | | | | | |
| Judiciary-Water Court | 1,348,650 | | | | | |
| Library Commission-NRIS | 396,105 | 350,555 | | | | |
| Legislature-Environmental Quality Council | | | | | | |
| Proposed Executive Pay Plan | 48,812 | 43,842 | 59,123 | 41,590 | | |
| Total Appropriations | \$7,400,090 | \$7,019,758 | \$1,952,157 | \$1,336,636 | \$1,332,000 | \$470,000 |
| Projected 2003 Biennium Ending Balance | -\$21,654 | \$704,571 | -\$251,595 | -\$239,320 | -\$66,000 | \$597,801 |
| * The governor must report on the expenditures from the environmental contingency account in the executive budget. Expenditures are statutorily appropriated. ** Amounts are deposited to the oil & gas damage mitigation account to bring the balance up to \$200,000 (82-11-161,MCA). All money in the account is statutorily appropriated. *** Amounts are deposited to the groundwater assessment account to bring the balance up to \$666,000. Any excess goes to the RIT trust (85-2-905, MCA). **** The DEQ and The Governor have prepared legislation to combine Orphan Share with EQPF and Hazardous Waste while protecting Orphan Share funds. | | | | | | |

GLOSSARY

GLOSSARY OF TERMS USED IN THE EXECUTIVE BUDGET

Account – A name for one of the different kinds of accounts used in the PeopleSoft general ledger, such as expense, revenue, asset, liability, and equity.

Accrual Basis - A basis of accounting in which transactions are recognized at the time they are incurred, as opposed to when cash is received or spent. (GFOA)

Activity - Departmental efforts which contribute to the achievement of a specific set of program objectives; the smallest unit of the program budget. (GFOA)

Administrative Authorization - An administrative authorization is established to provide authority for funds transferred from another agency.

Ad Valorem Taxes - commonly referred to as property taxes, are levied on both real and personal property according to the property's valuation and the tax rate. (GFOA)

Agency - Each state office or department of the executive branch, office of the judicial branch, or office of the legislative branch of state government, except for purposes of capital projects administered by the Department of Administration, for which institutions are treated as one department and university units as one system. (MCA)

Agency Mission - Agency mission statements articulate the reason for an agency's existence. Stated clearly and concisely, preferably in one sentence, most mission statements will remain constant for years. All agencies are required by substantive law to develop agency mission statements for publication in the executive budget. (PBB memo)

Agency Transfer - Direct transfer of appropriation authority from one agency to another agency. (MOM)

Allot - To divide an appropriation into amounts that may be encumbered or expended during an allotment period. (GFOA)

Annualize - Taking changes that occurred mid-year and calculating their cost for a full year, for the purpose of preparing an annual budget. (GFOA)

Appropriation - A legal authorization to incur obligations and to make expenditures for specific purposes. (GFOA)

Appropriation - Authority established by legislative action or executive order for amounts that may be disbursed from an accounting entity, program, and/or expenditure account for a particular purpose during a specific period of time.

In the College and University Business Administration (CUBA) fund structure, the first digit of the assigned five-digit appropriation number is the same as the first digit of the accounting entity code. The second digit of the appropriation number designates the fiscal year. The third digit of these CUBA appropriation numbers is alphabetic. For example, 32E01 is an appropriation number that could be assigned to fund 31xxx for FY 2002. (MOM)

Approved Long-Range Building Program Budget Amendment - Approval by the budget director of a request submitted through the Architecture and Engineering Division of the Department of Administration to transfer excess funds appropriated to a capital project within an agency to increase the appropriation of another capital project within that agency or to obtain financing to expand a project with funds that were not available for consideration by the legislature. (MCA)

Approving Authority - means

- (a) the Governor or the designated representative for executive branch agencies;
- (b) the Chief Justice of the Supreme Court or the designated representative for judicial branch agencies,
- (c) the Speaker for the House of Representatives;
- (d) the President for the Senate;
- (e) appropriate legislative committees or a designated representative for legislative branch agencies, or

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- (f) the Board of Regents of Higher Education or its designated representative for the university system. (MCA)

Assessed Value - The value placed on real and other property as a basis for levying taxes. (GFOA)

Assessed Valuation - The valuation set upon real estate and certain personal property by the assessor as a basis for levying property taxes. (GFOA)

Assessment Ratio - The ratio at which the tax rate is applied to the tax base. (GFOA)

Asset - Resources owned or held by a government which have monetary value.

Attrition - A method of achieving a reduction in personnel by not refilling the positions vacated through resignation, reassignment, transfer, retirement, or means other than layoffs. (GFOA)

Authorized Positions - Employee positions which are authorized in the adopted budget and are to be filled during the year. (GFOA)

Available (Undesignated) Fund Balance - This refers to the funds remaining from the prior year which are available for appropriation and expenditure in the current year. (GFOA)

Base Budget - Cost of continuing the existing levels of service in the current budget year. (GFOA); that level of funding authorized by the previous legislature. (MCA) The base budget for 2003 biennium budget development and analysis purposes is the combined level of ongoing expenditures using FY 2000 actual expenditures from authority contained in HB 2 [general appropriations act], HB 13 [pay plan], and other permanent appropriations bills. (EPP memo & MCA)

Bond - A long-term I.O.U. or promise to pay. It is a promise to repay a specified amount of money (the face amount of the bond) on a particular date (the maturity date). Bonds are primarily used to finance capital projects and significant information technology projects in Montana. (GFOA)

Bond Refinancing - The payoff and re-issuance of bonds, to obtain better interest rates and/or bond conditions. (GFOA)

Budget - A plan of financial activity for a specified period of time (fiscal year or biennium) indicating all planned revenues and expenses for the budget period. (GFOA); An annual financial plan showing projected costs and revenue over a specified time period. (GFOA) The 2003 biennium Governor's Executive Budget is at <http://www2.state.mt.us/budget/index.htm>.

Budget Amendment - Increases in authority are processed in accordance with Title 17, Chapter 7, part 4, MCA. (MOM)

Budgetary Basis - This refers to the basis of accounting used to estimate financing sources and uses in the budget. This generally takes one of three forms: GAAP, cash, or modified accrual. (GFOA)

Budget Calendar - The schedule of key dates that a government follows in the preparation and adoption of the budget. (GFOA) The Montana schedule is at <http://www2.state.mt.us/budget/index.htm>.

Budgetary Control - The control or management of a government in accordance with the approved budget for the purpose of keeping expenditures within the limitations of available appropriations and resources. (GFOA)

Capital Assets - Assets of significant value and having a useful life of several years.

Capital Budget - The appropriation of bonds or operating revenue for improvements to facilities and other infrastructure. (GFOA)

Capital Improvements - Assets of significant value and having a useful life of several years. Capital assets are also called fixed assets. (GFOA)

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Capital Improvements - Projects which are long-term assets such as roads, buildings, and information technology.

Capital Projects Program - A plan for capital outlay to be incurred each year over a fixed number of years to meet capital needs arising from the government's long-term needs.

Capital Project - Major construction, acquisition, or renovation activities which add value to government physical assets or significantly increase their useful life. Also called capital improvements. (GFOA)

Capital Project Funds - (Fund 05XXX) - To account for resources used for the acquisition or construction of major capital facilities other than those financed by proprietary, trust, or higher education funds. (MOM)

Capital Reserve - An account used to segregate a portion of the government's equity to be used for future capital program expenditures. The amount of capital reserve is roughly equal to the government's annual equipment depreciation and an amount identified as being needed for future capital acquisition. (GFOA)

Carry-Forward (CA) -Appropriation which is established as authorized by 17-7-304, MCA. Montana University System units may establish carry-forward authority for 100 percent of the money appropriated and unexpended and unencumbered; other state agencies may utilize 30 percent for any purpose that is consistent with the goals and objective of the agency. (MOM)

Cash Basis - A basis of accounting in which transactions are recognized only when cash is increased or decreased. (GFOA)

Collective Bargaining Agreement - A legal contract between the employer and a verified representative of a recognized bargaining unit for specific terms and conditions of employment (e.g., hours, working conditions, salary, fringe benefits, and matters affecting health and safety of employees). (GFOA)

Commodities - Expendable items that are consumable or have a short life span. Examples include office supplies, gasoline, minor equipment, and asphalt. (GFOA)

Constant or Real Dollars - The presentation of dollar amounts adjusted for inflation to reflect the real purchasing power of money as compared to a certain point in time in the past. (GFOA)

Consumer Price Index (CPI) - A statistical description of price levels provided by the U.S. Department of Labor. The index is used as a measure of the increase in the cost of living (i.e., economic inflation). (GFOA)

Contingency - A budgetary reserve set aside for emergencies or unforeseen expenditures not otherwise budgeted. (GFOA)

Continuing Appropriation - An appropriation that is valid for more than one fiscal year. (MOM)

Contractual Services - Services rendered to a government by private firms, individuals, or other governmental agencies. Examples include utilities, rent, maintenance agreements, and professional consulting services. (GFOA)

Cost-of-living Adjustment (COLA) - An increase in salaries to offset the adverse effect of inflation on compensation. (GFOA)

Debt Service - The cost of paying principal and interest on borrowed money according to a predetermined payment schedule. (GFOA)

Debt Service Funds - (A/Es 04XXX) To account for resources accumulated for payment of principal and interest on most general long-term obligations (except capital leases and compensated absences). (MOM)

Decision Package - Group of changes to an agency budget, presented either as a present law adjustment or a new proposal, that focus on function rather than expenditure account. (OBPP Budget Instructions)

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Dedicated Tax - A tax levied to support a specific government program or purpose. (GFOA)

Deficit - The excess of an entity's liabilities over its assets or the excess of expenditures or expenses over revenues during a single accounting period. (GFOA)

Department - The basic organizational unit of government which has its own mission and is functionally unique in its delivery of services. (GFOA)

Depreciation - Expiration in the service life of capital assets attributable to wear and tear, deterioration, action of the physical elements, inadequacy, or obsolescence. (GFOA)

Direct Transfers (ATs) - Authority for funds transferred from one state agency to another state agency pursuant to 17-8-101, 18-2-102, 18-2-105, or 90-4-607, MCA. Most ATs are zero-based grants, but the few remaining transactions are reviewed during budget development on a case-by-case basis to determine which, if either, agency should have the expenditure in its base budget. (EPP- memo)

Disbursement - The expenditure of monies from an account. (GFOA)

Efficiency Indicators - A measure of productivity and cost-effectiveness that often is expressed as a ratio of inputs to outcomes, e.g., cost per vaccination given to a child, average expenditure per pupil in elementary schools, number of miles patrolled per highway patrol officer assigned to traffic. (PBB memo)

Effectiveness measure - A criterion for measuring the degree to which the objective sought is attained.

Employee (or fringe) Benefits - Contributions made by a government to meet commitments or obligations for employee fringe benefits. Included are the government's share of costs for Social Security and the various pension, medical, and life insurance plans. (GFOA)

Encumbrances - Commitments related to unperformed (executory) contracts for goods or services. (GASB)

Entitlement - Payments to which local governmental units are entitled, pursuant to an allocation formula determined by the agency providing the monies, usually the state or the federal government. (GFOA)

Enterprise Funds - Funds which account for operations that are financed and operated in a manner similar to private enterprise where the intent is to provide goods or services to the public. See proprietary funds.

Executive Branch - All administrative offices, boards, bureaus, commissions, units, instrumentalities, and agencies of the state not designated as part of either the judicial or the legislative branch of state government. (MOM)

Expenditure - The payment of cash on the transfer of property or services for the purpose of acquiring an asset, service, or settling a loss. (GFOA)

Expenditure Account - An expenditure classification, referring to the lowest and most detailed level of classification, such as electricity, office supplies, asphalt, and furniture. (GFOA)

Expense - Charges incurred (whether paid immediately or unpaid) for operations, maintenance, interest, or other charges. (GFOA)

Fiduciary Funds - Trust and agency funds (funds 07XXX - 09XXX) - To account for assets held by the state in a trustee capacity or as an agent for individuals, private organizations, other governments or other funds. These include: (a) agency funds (fund 07XXX); (b) expendable trust funds (fund 08XXX); (c) nonexpendable trust funds (funds 090XX); and (d) pension trust funds (funds 095XX). [The Department of Administration has requested a bill to conform these funds with GASB 34 which will change expendable trust funds to *private-purpose* trust funds and nonexpendable trust funds to *permanent* funds.] (MOM)

GLOSSARY

Fiscal Note –Information prepared by the budget director regarding the impact of a bill on the revenues, expenditures, or fiscal liability of the state or a county or municipality, except appropriation measures that carry their own specific dollar amounts. A fiscal note may be requested by a committee considering a bill, the sponsor through the presiding officer, or a majority of the members of the house in which the bill is to be considered at the time of second reading. A fiscal note may be revised whenever additional information is received or the bill is amended to change the impact. (Title 5, Chapter 4, part 2, MCA)

Fiscal Policy - A government's policies with respect to revenues, spending, and debt management as these relate to government services, programs, and capital investment. Fiscal policy provides an agreed-upon set of principles for the planning and programming of government budgets and their funding. (GFOA)

Fiscal Year - A twelve-month period designated as the operating year for accounting and budgeting purposes in an organization. (GFOA)

Fiscal Year (FY) - The state fiscal year is July 1 through June 30. FY 2001 refers to the fiscal year ending June 30, 2001. The federal fiscal year (FFY) is October 1 through September 30.

Fixed Assets - Assets of a relatively permanent nature with a useful life of more than one year whose identity does not change with use. State agencies are required to capitalize fixed assets if the unit cost is \$5,000 or more.

Full Faith and Credit - A pledge of a government's taxing power to repay debt obligations. (GFOA)

Full-time Equivalent Position (FTE) - A part-time position converted to the decimal equivalent of a full-time position based on 2,080 hours per year. For example, a part-time typist working for 20 hours per week would be the equivalent to 0.50 of a full-time position. (GFOA/MCA)

Function - A group of related activities aimed at accomplishing a major service or regulatory program for which a government is responsible (e.g., public safety). (GFOA/MCA)

Function - A duty, power, or general area of activity assigned to an agency. (MOM)

Fund - An independent financial entity with a self-balancing set of accounts provided to record assets or other resources together with all related liabilities, obligations, reserves, and equities which are segregated for the purpose of maintaining a record of specific governmental activities or as a management tool to ensure that certain objectives are in accordance with specific statutes, regulations, policies, restrictions, or limitations. A fund is designated with a unique five-digit number with the second digit indicating fund type. For example 02345 would be state special revenue, 03345 would be federal special revenue, 05345 would be capital projects, and 06345 would be proprietary. (MOM)

Fund - A fiscal entity with revenues and expenses that are segregated for the purpose of carrying out a specific purpose or activity. (GFOA)

Fund Balance - The difference between governmental fund assets and liabilities, also referred to as fund equity. (GASB)

GAAP - Generally Accepted Accounting Principles. Uniform minimum standards for financial accounting and recording, encompassing the conventions, rules, and procedures that define accepted accounting principles. Montana statutes require conformity to GAAP. (GFOA)

General Fund - (A/E 01100) - To account for all governmental financial resources except those required to be accounted for in another fund. (MOM)

Goal - A general end toward which an agency directs its efforts. Goals represent the highest, yet realistically achievable aspirations for a program of state government. (PBB memo)

Grants - A contribution by a government or other organization to support a particular function. Grants may be classified as either operational or capital, depending upon the grantee. (GFOA)

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Hourly - An employee who fills a temporary or short-term position. Such employees provide contingency staffing for government operations during peak workloads or address temporary staffing needs. Hourly employees are paid on a per-hour basis, and receive limited benefits. (GFOA)

HB 576 - A bill enacted by the 1995 Legislature to eliminate the requirement that most proprietary funds be appropriated. Previous to 1995, funding related to certain services was double appropriated in HB 2: once in the program paying the fees and charges, and again in the program providing the service.

Indirect Cost - A cost necessary for the functioning of the organization as a whole, but which cannot be directly assigned to one service. (GFOA)

Infrastructure - The physical assets of a government (e.g., public buildings, utilities, roads, parks). (GFOA)

Interfund Transfers - The movement of monies between funds of the same governmental entity. (GFOA)

Intergovernmental Revenue - Funds received from federal, state, and other local government sources in the form of grants, shared revenues, and payments in lieu of taxes. (GFOA)

Internal Service Charges - The charges to user departments for internal services provided by another government agency, such as data processing. (GFOA)

Internal Service Funds - Funds which account for the financing of goods or services provided by one agency to other agencies of state government. See

Legislative Appropriation - There are three types of legislative appropriations as follows below. (MOM)

Legislative Appropriation (LA) - "Language Appropriation" contained in a bill for a non-specific, but limited dollar amount. For example, authority to accept and expend funds received for a particular purpose up to a maximum amount.

Legislative Appropriation (HB) - "House Bill" appropriation(s) for a specific dollar amount and specific purpose(s) contained in a House appropriation bill.

Legislative Appropriation (SB) - "Senate Bill" appropriation(s) for a specific dollar amount and specific purpose(s) contained in a Senate appropriation bill.

LRBP Budget Amendment (BA) - Approval by the Budget Director of a request submitted through the Architecture and Engineering Division of the Department of Administration to transfer excess funds appropriated for a capital project within an agency to increase the appropriation of another capital project within that agency or to obtain financing to expand a project with funds that were not available for consideration by the legislature. (MOM)

Levy - To impose taxes for the support of government activities. (GFOA)

Line-item - A portion of a program budget that is segregated to focus on what is to be bought. (GFOA)

Long-term Debt - Debt with a maturity of more than one year after the date of issuance. (GFOA)

Materials and Supplies - Expendable materials, operating supplies, and minor equipment including personal computers less than \$5,000 necessary to conduct departmental operations. (GFOA)

MBARS - Montana Budget Analysis and Reporting System that provides all state agencies with one computerized system for budget development, maintenance and tracking. (MBARS Instruction Manual)

Mill - The property tax rate that is based on the valuation of property. A tax rate of one mill produces one dollar of taxes on each \$1,000 of assessed property valuation. (GFOA)

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Modified Accrual Basis - A basis of accounting in which revenues/additions are recognized in the accounting period in which they become susceptible to accrual, when they become both measurable and available. Available means collectible within the current period, or soon enough thereafter to be used to pay liabilities of the current period. Expenditures/deductions are recognized when the related liability is incurred, with certain exceptions. (MOM)

MT PRRIME - Montana project to reengineer the revenue and information management environment was the name of the bond authority used to create the state accounting, budgeting and human resources system (SABHRS) and the Department of Revenue revenue processing center.

Necessary - Essential to the public welfare and of a nature that cannot wait until the next legislative session for legislative consideration. (Schenck memo - MCA)

New Proposals - Requests to provide new nonmandated services, to change program services, to eliminate existing services, or to change sources of funding. All Governor's budget initiatives are contained in new proposals. (EPP - memo)

Nominal Dollars - The presentation of dollar amounts not adjusted for inflation. Adjusting for inflation would be done to reflect the real purchasing power of money today. (GFOA)

Non-Discretionary - An absolutely essential expenditure request required to maintain services and functions and to meet statutory requirements. (EPP - memo)

Objective - Clear targets for specific action and the quantified results of that action that are achievable, measurable and time limited. (PBB memo)

Objectives - Certain accomplishments a department intends to achieve during the fiscal year. (GFOA)

Obligations - Amounts which a government may be legally required to meet out of its resources. They include not only actual liabilities, but also encumbrances not yet paid. (GFOA)

Operating Expenses - The cost for personnel, materials and equipment required for a department to function. (GFOA)

Operating Revenue - Funds that the government receives as income to pay for ongoing operations. It includes such items as taxes, fees from specific services, interest earnings, and grant revenues. Operating revenues are used to pay for the day-to-day services. (GFOA)

OBPP Approving Authority - The Governor and/or OBPP when designated are the approving authority for all changes in appropriations and operating budget for the following agencies: Governor's Office, Office of the Secretary of State, Commissioner of Political Practices, Office of the State Auditor, Office of Public Instruction, Department of Justice, Public Service Regulation, Board of Public Education, School for the Deaf and Blind, Montana Arts Council, State Library Commission, Montana Historical Society, Department of Administration, Department of Agriculture, Department of Corrections, Department of Commerce, Department of Labor and Industry, Department of Military Affairs, Department of Public Health and Human Services. (MOM)

One-Time-Only Appropriations - (OTOs) Refers to funding authorized by the previous legislature which was assigned a separate appropriations number by the OBPP due to a statement of legislative intent that a specific amount of the funding/FTE was not to be included in the base budget for the next biennium. (EPP - memo)

Operating Budget Change - Moves authority from one first-level expenditure category to another within the same program without an increase or decrease in the total appropriation level for the program from this source of authority. (MOM)

Operating Expenditures - Generally, all expenditures that do not meet the personal services and capital outlay classification criteria. These expenditures include, but are not limited to, professional services, supplies, insurance, etc. (GFOA)

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Oracle - Database and application development software vendor offering a variety of application development tools and a major promoter of the network computer. (The Computer Glossary)

Outcome Indicators - A way to measure results and assess program impact and effectiveness. Outcome indicators are the most important performance measures because they show whether or not expected results are being achieved, e.g., reduction in the incidence of communicable disease, percentage change in toxic air, high school graduation rate and ACT scores. (PBB memo)

Output Indicator - A unit of work accomplished or number of customers served, e.g., number of permits issued, number of miles of roads resurfaced, number of vaccinations given to children. Output indicators focus on the level of activity in providing the service. (PBB memo)

Pay-as-you-go Basis - A term used to describe a financial policy by which capital outlays are financed from current revenues rather than through borrowing. (GFOA)

Performance Budget - A budget wherein expenditures are based primarily upon measurable performance of activities and work programs. (GFOA)

Performance Measures - Specific quantitative and qualitative measures of work performed, with respect to program goals and objectives, for which data formerly was collected and reported semi-annually. (PBB memo)

Performance Targets - Specific level of performance to be attained within the fiscal year or biennium. (PBB memo)

Personal Services - Expenditures for salaries, wages, and fringe benefits of government employees. Fringe benefits include FICA, Public Employees' Retirement System, hospital and medical insurance, life insurance, workers compensation, and, if applicable, clothing allowance, education assistance, and other personal services. (GFOA)

Present Law Base - That additional level of funding needed under present law to maintain operations and services at the level authorized by the previous legislature, including but not limited to:

- (i) changes resulting from legally-mandated workload, caseload, or enrollment increases or decreases;
- (ii) changes in funding requirements resulting from constitutional or statutory schedules or formulas;
- (iii) inflationary or deflationary adjustments; and
- (iv) elimination of nonrecurring appropriations. (EPP memo)

Prior-Year Encumbrances - Obligations from previous fiscal years in the form of purchase orders, contracts or salary commitments which are chargeable to an appropriation, and for which a part of the appropriation is reserved. They cease to be encumbrances when the obligations are paid or otherwise terminated. (GFOA)

Program - A group of related activities performed by one or more organizational units for the purpose of accomplishing a function for which the government is responsible. (GFOA)

Program - A grouping of functions or objectives that provides the basis for legislative review of agency activities for appropriations and accountability purposes. (MOM)

Program - As used in (this act) "program" has the same meaning as defined in 17-7-102, is consistent with the management and accountability structure established on the state accounting, budgeting and human resources system (SABHRS), and is identified as a major subdivision of an agency ordinarily numbered with an Arabic numeral. (HB 2, Section 5 and MOM)

Program Budget - A budget which allocates money to the functions or activities of a government rather than to specific items of cost or to specific departments. (GFOA)

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Program Goals - The general ends toward which agencies direct their efforts. A goal addresses issues by stating policy intention. Goals may be qualitative and/or quantifiable, but are not expressed in quantified terms. The order in which goals are expressed reflects the agency's priorities for use of program resources. Goals are not time-limited. Goals represent the highest, yet realistically achievable, aspirations for a program. (PBB memo)

Program Objectives - Clear targets for specific action and the quantified results or impacts of that action. Objectives have shorter time frames than goals and generally state quantity. An objective is achievable, measurable, time-limited and sets the direction for strategies and work plans. There usually are multiple objectives for each program goal. All agencies are required by substantive law to develop program objectives for submission with the executive budget. (PBB memo)

Program Performance Budget - A method of budgeting whereby the services provided are broken down in identifiable units which have measurable objectives and performance targets

Program Revenue (Income) - Revenues earned by a program, including fees for services, license and permit fees, and fines. (GFOA)

Program Size - The magnitude of a program, such as the size of clientele served or the volume of service in relation to the population or area. (Schenck memo - MCA)

Program Size Indicator - A measure to indicate the magnitude of a program. (Schenck memo - MCA)

Program Transfer - Transfer of appropriation authority between programs without an overall appropriation increase, in accordance with 17-7-139, MCA.

Proprietary Funds -

Enterprise Funds - (Fund 060XX) - To account for operations (a) financed and operated similar to private business enterprises, where the intent of the legislature is that costs are to be financed or recovered primarily through user charges; or (b) where the legislature has decided that periodic determination of revenues earned, expenses incurred, or net income is appropriate.

Internal Service Funds - (Fund 065XX) - To account for the financing of goods and services provided by one department or agency to other departments, agencies, or other governmental entities on a cost-reimbursement basis.

Purpose - A broad statement of the goals, in terms of meeting public service needs, that a department is organized to meet. (GFOA)

Reorganization - Agency-initiated transfer of function(s) from one program to another program or transfer of 5.00 FTE or more from one program to another; or legislature-initiated transfer of any FTE, appropriations, property or other items pursuant to passage and approval of a bill. The Governor is the final arbiter in executive branch reorganization in accordance with 2-15-132, MCA. (MOM)

Requesting Agency - The agency of state government that has requested a specific budget or a budget amendment. (Schenck - memo MCA)

Reporting Levels - Sixteen-digit numbers used to establish a tree structure grouped into seven different levels. Reporting level 4 (RL4) is the analytical level at which agencies submit budgets and both the OBPP and LFD analyze, adjust and maintain approved data. (EPP memo)

Reserve - An account used either to set aside budgeted revenues that are not required for expenditure in the current budget year or to earmark revenues for a specific future purpose. (GFOA)

Reserve - A portion of a fund that is restricted for a specific purpose and not available for appropriation. (GFOA)

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Reserve for Construction - Funds that are set aside for emergency and unanticipated needs. The amount budgeted is appropriated in the applicable fund(s). (GFOA)

Resolution - A special or temporary order of a legislative body; an order of a legislative body requiring less legal formality than an ordinance or statute. (GFOA)

Resources - Total amounts available for appropriation including estimated revenues, fund transfers, and beginning balances. (GFOA)

Revenue - Sources of income financing the operations of government. (GFOA)

SABHRS - The new PeopleSoft state accounting, budgeting, and human resources system that also includes asset management. SABHRS replaces three outdated, major legacy systems: SBAS, PPP and PAMS.

Server - A high-speed computer in a Local Area Network (LAN) that stores the programs and data files shared by users on the network. ([The Computer Glossary](#))

Service Lease - A lease under which the leaser maintains and services the asset. (GFOA)

Short Title - A descriptive term used to describe a particular bill, for example the general appropriations bill may be cited as the "Budget Act". The short title created by the Legislative Services Division is also used by the Office of Budget and Program Planning on each fiscal note for cross reference to the LAWS 2001.

Site-based Budgeting - A decentralized budget process whereby budget preparation and development are based on program and/or regional sites. (GFOA)

Sixty Days of Expenses - Used at the bottom of the report forms on internal service and enterprise funds to show the total of personal services, operations, and miscellaneous operating divided by 6 because 60 days is the standard allowed. Exceptions require state and/or federal authorization.

Source of Revenue - Revenues are classified according to their source or point of origin. (GFOA)

Special Revenue Funds - (Funds 02XXX - 03XXX) - To account for the proceeds of specific revenue sources restricted to expenditures for specified purposes (other than expendable trusts or major capital projects).

Statutory Appropriation - (SA) An appropriation specified in 17-7-502, MCA. In addition, the statute(s) must specifically state that a statutory appropriation is made. (MOM)

Subclass - An identification system regarding the source of appropriation authority. The subclass is a 5-byte field where the first three bytes indicate the agency program, the fourth byte indicates the source of authority, and the fifth byte is assigned by the agency.

Supplemental Appropriation - An additional appropriation made by the governing body after the budget year or biennium has started. (GFOA)

Supplemental Appropriation (SP) - There are two types of supplemental appropriations to increase spending authority for a fiscal year: A transaction in an even-numbered year which transfers spending authority from the second year of the biennium to the first year; and an appropriation passed and approved in a house bill to provide authority for the odd-numbered fiscal year ending the current biennium. (MOM)

Tax Levy - The resultant product when the tax rate per one hundred dollars is multiplied by the tax base. (GFOA)

Taxes - Compulsory charges levied by a government for the purpose of financing services performed for the common benefit of the people. This term does not include specific charges made against particular persons or property for current or permanent benefit, such as special assessments. (GFOA)

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Transfers - All interfund transactions except loans or advances, quasi-external transactions, and reimbursements. (GFOA)

Transfers In/Out - Amounts transferred from one fund to another to assist in financing the services for the recipient fund. (GFOA)

Unencumbered Balance - The amount of an appropriation that is neither expended nor encumbered. It is essentially the amount of money still available for future purposes. (GFOA)

Unreserved Fund Balance - The portion of a fund's balance that is not restricted for a specific purpose and is available for general appropriation. (GFOA)

University System Unit - The Board of Regents; Office of the Commissioner of Higher Education; University of Montana with campuses at Missoula, Butte, Dillon and Helena; Montana State University with campuses at Bozeman, Billings, Havre and Great Falls; the Agricultural Experiment Station with central offices at Bozeman; the Forest and Conservation Experiment Station with central offices at Missoula; the Bureau of Mines and Geology with central offices at Butte; the Fire Services Training School at Great Falls; and the Community Colleges at Miles City, Glendive, and Kalispell. (MOM, MCA)

User Charges - The payment of a fee for direct receipt of a public service by the party who benefits from the service. (GFOA)

Variable Cost - A cost that increases/decreases with increases/decreases in the amount of service provided, such as the payment of a salary. (GFOA)

Working Capital - The amount of cash remaining if all of the current assets were converted to cash at their book value and all of the current liabilities paid at their book value.

Working Cash - Excess of readily-available assets over current liabilities. Or cash on hand equivalents that may be used to satisfy cash flow needs. (GFOA)

Workload Indicator - A unit of work to be done, e.g., number of permit applications received, the number of households receiving refuse collection service, or the number of burglaries to be investigated. (GFOA)

Work Years - The amount of personnel resources required for a program expressed in terms of the "full-time equivalent" number of employees. One "work year" is equal to one full-time, year round employee. For most categories, this equals 2,080 hours per year (40 hours per week times 52 weeks). The number of hours a part-time employee is budgeted to work during the year is divided by 2,080 to arrive at the equivalent number of "work years" for the position.

- Key:
- GASB =

GFOA =

MCA =

MOM =

Schenck Memo =

Governmental Accounting Standards Board

Governmental Finance Officers Association

Montana Codes Annotated

Montana Operations Manual

Report from the state Legislative Fiscal Analyst to the Legislative Finance Committee

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